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CONFERENCE OF
Trade Representatives

with the

United States Wheat Director
Julius H. Barnes

NEW YORK

JUNE 10-11, 1919

CHAMBER OF COMMERCE
OF THE STATE OF
NEW YORK

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CONFERENCE OF
TRADE REPRESENTATIVES
with the
UNITED STATES WHEAT DIRECTOR
held at the

Chamber of Commerce of the State of New York
New York, June 10, 1919, 11.00 A. M.

JULIUS H. BARNES, Wheat Director, Presiding

The following delegates were present:

Adams, E. L., Southern Wholesale Grocers' Association, Jacksonville, Fla.
Albrecht, J. J., Merchants' Exchange, St. Louis, Mo.
Allen, Wm. H., Institute for Public Service, New York City.
Anderson, D., Toledo Produce Exchange, Toledo, Ohio.
Andrews, E. C., Merchants' Exchange, St. Louis, Mo.
Armstrong, S. C., Merchants' Exchange, Seattle, Wash.
Arnold, E. J., Rhode Island Association Baking Industry, Pawtucket, R. I.
Arthur, Jas. B., American Association Baking Industry, New York City.
Ballard, J. O., Member Advisory Committee, St. Louis, Mo.
Bamford, F. S., Bakers' Weekly and The Cracker Baker, New York City.
Banzhaf, Geo. W., California Bakers' Association, San Francisco, Cal.
Barber, Jesse N., National Association Baking Industry, Trenton, N. J.
Barr, R. J., New Orleans Board of Trade, New Orleans, La.
Baston, Geo. H., Bureau of Markets, Washington, D. C.
Bayard, E. S., National Stockman and Farmer, Pittsburgh, Pa.
Beamish, R. R., Davis Standard Bread Co., Los Angeles, Cal.
Bell, C. H., Commercial Exchange, Philadelphia, Pa.
Bell, Jas. F., Chairman, Millers' Committee, Minneapolis, Minn.
Besley, H. J., Bureau of Markets, Chicago, Ill.
Beyer, E. F., Wichita Board of Trade, Wichita, Kans.
Bingham, H. H., Cincinnati Chamber of Commerce, Indianapolis, Ind.
Black, A. B., Corn Exchange, Buffalo, N. Y.
Boardman, W. A., East Side Iron Elevator Co., Toledo, Ohio.
Bossemeyer, E., Jr., Grain Dealers' National Association, Superior, Neb.
Brand, C. J., Bureau of Markets, Department of Agriculture, Washington, D. C.
Bransford, C. W., Community Millers' Association of America, Owensboro, Ky.
Braun, Emil, Bakers' Review, New York City.
Breaux, G. A., Louisville Board of Trade, Louisville, Ky.
Browder, Joe, West Kentucky and Tennessee Millers' Association, Fulton, Ky.

Burkett, C. W., Editor of American Agriculturist, New York City.
Campbell, Wm. M., Trans-Mississippi Bakers' Association, Kansas City, Mo.
Carpenter, M. H., Association American Baking Industry, Milwaukee, Wis.
Case, C. M., Minneapolis Chamber of Commerce, Minneapolis, Minn.
Chapman, J. R., Community Millers' Association, Enid, Okla.
Cinver, J. W., St. Joseph Grain Exchange, St. Joseph, Mo.
Clement, B. E., National Grain Dealers' Association, Texas Grain Dealers' and Panhandle Grain Dealers' Association, Waco, Texas.
Clemons, U. T., Grain Dealers' National Association, Marshall, Okla.
Cohn, A., Merchants' Exchange, Portland, Ore.
Cook, S. R., Leslie's Weekly, New York City.
Craft, H. G., St. Louis Millers' Club, St. Louis, Mo.
Cran, Eugene, Buffalo Flour Club, Buffalo, N. Y.
Creasy, Wm. T., National Board of Farm Organizations, Catawissa, Pa.
Culbertson, W. E., Illinois Grain Dealers' Association, Delavan, Ill.
Cunningham, T. F., New Orleans Board of Trade, New Orleans, La.
Davidson, R. L., State of Washington Association Baking Industry, Seattle, Wash.
Davis, G. H., Kansas City Board of Trade, Kansas City, Mo.
Deininger, Wm., American Association Baking Industry, New York City.
Dewey, L. W., Ohio Millers' State Association, Blanchester, Ohio.
Dietz, W. H., National Retail Bakers' Association, Springfield, Mass.
Dittmer, H., Enid (Okla.) Board of Trade, Enid, Okla.
Durant, F. R., The Grain Bulletin, Minneapolis, Minn.
Duval, L., Federal Grain Supervision (Bureau of Markets), New York City.
Earle, G. J., Wheat Export Co., Inc., New York City.
Early, H. L., Cincinnati Grain and Hay Exchange, Cincinnati, Ohio.
Eckhart, B. A., Millers' Advisory Committee, Chicago, Ill.
Eddy, Geo. W., Chamber of Commerce, Boston, Mass.
Eikenberry, C. M., Ohio Grain Dealers' Association, Hamilton, Ohio.
Eickenberry, E. C., Grain Dealers' National Association, Camden, Ohio.
Elmquist, C. E., Minnesota Railway and Warehouse Committee, St. Paul, Minn.
Estill, B. G., Harper Flour Mills Co., Harper, Kans.
Evans, E. H., Indianapolis Board of Trade, Indianapolis, Ind.
Ewe, G. F., Terminal Grain Merchants' Association, Minneapolis, Minn.
Fairchild, C. W., Cleveland Grain and Hay Exchange, Cleveland, Ohio.
Faircloth, E. C., South Eastern Bakers' Association, Nashville, Tenn.
Farrell, W. J., Inspector, Grain Corporation, Chicago, Ill.
Farlow, Lawrence, Farmers' Grain Dealers' Association of Illinois, Bloomington, Ill.
Ferguson, A. S., Flour Trade Association of San Francisco, San Francisco, Cal.
Fisher, O. D., Member Millers' Advisory Committee, Seattle, Wash.
Fitzgerald, E. A., Cincinnati Grain and Hay Exchange, Cincinnati, Ohio.
Fletcher, J. D., American Relief Association, New York City.
Foley, Wm. M., California Bakers' Association, San Francisco, Cal.
Forbell, L. W., Council of Grain Exchange, New York City.
Forsyth, J. R., Denver Grain Exchange and Longmont Farmers' Mill and Elevator Co., Longmont, Colo.

Foster, H. M., New York Wholesale Grocers' Association, Yonkers, N. Y.
Freihofer, Wm., Freihofer Baking Co., Philadelphia, Pa.
Fulton, A. W., Orange Judd Publications and Farm and Home, Springfield, Mass.
Gale, A. C., Cincinnati Hay and Grain Co., Cincinnati, Ohio.
Gates, L. F., Chicago Board of Trade, Chicago, Ill.
Genung, James H., National Association White Corn Millers, Indianapolis, Ind.
Giessow, Carl, New Orleans Board of Trade, New Orleans, La.
Glosemeyer, V. H., Flour Trade Association, St. Louis, Mo.
Goldberg, A., Grocers' Guide, Coney Island, N. Y.
Goodman, A. L., Duluth Board of Trade, Duluth, Minn.
Goodrich, P. E., Grain Dealers' National Association, Winchester, Ind.
Grammer, Nisbet, Corn Exchange of Buffalo, Buffalo, N. Y.
Hamilton, J., New York State Millers' Association, Caledonia, N. Y.
Hannes, J. W., Buffalo Flour Club, Buffalo, N. Y.
Hardenbergh, C. M., Kansas City Millers' Club, Kansas City, Mo.
Harman, T. D., Jr., National Stockman and Farmer, Pittsburgh, Pa.
Hartley, John M., Retail Bakers' Association of America, Chicago, Ill.
Haynes, J. P., Sioux City Board of Trade, Sioux City, Iowa.
Hays, R. S., Missouri Grain Dealers, Sweet Springs, Mo.
Hayward, W. H., Baltimore Chamber of Commerce, Baltimore, Md.
Helm, H. S., Minneapolis Chamber of Commerce, Minneapolis, Minn.
Herbert, C. E., Tidewater Wholesale Grocers' Association, Norfolk, Va.
Hickok, E. H., American Association of Baking Industry, New York City.
Hildebrand, J. F., Shults Bread Co., Brooklyn, N. Y.
Hillard, T. R., American Corn Millers' Federation, Wilkes-Barre, Pa.
Hincke, George E., Southern Illinois Millers, Pinckneyville, Ill.
Hobbie, R. M., Southern Wholesale Grocers' Association, Montgomery, Ala.
Hoffman, E. V., Millers' Committee, Kansas City, Mo.
Hoit, Lowell, Council of Grain Exchange, Chicago, Ill.
Holland, W. D., Bakery, Toledo, Ohio.
Holman, C. W., National Board of Farm Organizations, Washington, D. C.
Horan, H. J., Philadelphia Flour Club and Commercial Exchange, Philadelphia, Pa.
Horner, F. G., Illinois Grain Dealers' Association, Lawrenceville, Ill.
Humphrey, K. E., Oklahoma Millers' Association, El Reno, Okla.
Humphrey, M. E., Oklahoma Grain Dealers' Association, Chickasha, Okla.
Husband, A. P., Millers' Committee (Secretary), Chicago, Ill.
Hutchinson, Elmer, Indiana Grain Dealers' Association, Arlington, Ind.
Hutton, H. J., Sioux City Board of Trade (and Mystic Milling Co.), Sioux City, Iowa.
Jenkins, C. F., Farm Journal, Philadelphia, Pa.
Johnson, C. T., S. W. Indiana Millers' Association, Mt. Vernon, Ind.
Jones, Reed, Merchants' Exchange Association, Portland, Ore.
Keefe, L., Milwaukee Chamber of Commerce, Milwaukee, Wis.
Kell, Frank, Millers' Advisory Committee, Wichita Falls, Tex.
Kelly, E. M., Millers' Committee, Nashville, Tenn.
Kester, R. P., Penn Farmer, Ohio Farmer, Michigan Farmer (Lawrence Publishing Company), Philadelphia, Pa.
Kiddly, E. E., North Pacific Millers' Association, Island City, Ore.

Kinney, H. E., Indianapolis Board of Trade, Indianapolis, Ind.
Kloxfer, Albert, Bakers' Weekly, New York City.
Knowles, J. T., Boston Flour Club, Boston, Mass.
Korn, W. H., H. Korn Baking Co., Davenport, Iowa.
Kremer, C. J., Retail Bakers' Association of America, Milwaukee, Wis.
Lackmann, E. J., Wisconsin State Millers' Association, Neewah, Wis.
Lackey, D. W., American Corn Millers' Federation, Chicago, Ill.
Ladish, H. W., Milwaukee Chamber of Commerce, Milwaukee, Wis.
Lang, A., New Jersey Association of Bakery Industry, Newark, N. J.
Lasker, E., Texas Star Flour Mills and Galveston Cotton Exchange and Board of Trade, Galveston, Texas.
Lederer, A. A., Cleveland Flour Club, Cleveland, Ohio.
Lemon, C. M., Indiana Millers' Association, Bedford, Ind.
Leonard, E. H., North Pacific Millers' Association, Waitsburg, Wash.
Linderholm, J. A., Omaha Grain Exchange, Omaha, Neb.
Lingham, F. J., Federal Milling Co., Lockport, N. Y.
Livingston, George, Bureau of Markets, U. S. D. A., Washington, D. C.
Loung, Albert, Millers' Committee, Minneapolis, Minn.
Lyman, C. A., National Farmers' Union, Washington, D. C.
Marcy, G. E., Chicago Board of Trade, Chicago, Ill.
Marr, B. W., Millers' Committee, Columbus, Ohio.
Mattei, F. L., Grain Trade Association of San Francisco, Chamber of Commerce, Woodland, Calif.
Mayer, Fred, Toledo Produce Exchange, Toledo, Ohio.
Mears, A. W., Flour Trade, Chamber of Commerce, Baltimore, Md.
Meisch, H. R., National Council of Farmers', Grain Dealers' Association, Argyle, Minn.
Metz, L., New Jersey Association of Bakers, Newark, N. J.
Meyer, F. A., Council of Grain Exchanges, Baltimore, Md.
Miller, J. D., The Dairymen's League, Susquehanna, Pa.
Miller, R. E., Inter Mountain Milling Co., Salt Lake City, Utah.
Milnor, G. S., Millers' Committee of Sixteen, Alton, Ill.
Mitchel, O. M., Advisory Board, New York City.
Mott, W. C., New York Produce Exchange, New York City.
Moody, C. R., Cleveland Flour Club, Cleveland, Ohio.
Moore, G. A., Kansas City Board of Trade, Kansas City, Mo.
Moses, L. E., Millers' Advisory Committee, Kansas City, Mo.
Mueller, H., National Association of Macaroni and Noodle Manufacturers of America, Jersey City, N. J.
Mullaney, J. C., Sioux City Board of Trade, Sioux City, Iowa.
Myers, M. R., National Council of Farmers' Co-operative Association, Chicago, Ill.
MacMillan, J. H., Minneapolis Chamber of Commerce, Minneapolis, Minn.
McAleer, Wm., Jr., Commercial Exchange of Philadelphia, Philadelphia, Pa.
McClure, J. B., Kansas Grain Dealers' and Hutchinson Board of Trade, Hutchinson, Kansas.
McDougal, E. D., Advisory Committee of 12, Chicago, Ill.
McFadden, G. C., Peoria Board of Trade, Peoria, Ill.
McLemore, J. B., Nashville Grain Exchange, Nashville, Tenn.
Nelson, C. W., Farmers' Union, Washington and Idaho, Seattle, Wash.
Newcomb, H. R., The Fleischmann Co., New York City.
Niemeier, C. L., St. Louis Merchants' Exchange, St. Louis, Mo.

Nissen, J. J., Bakers of Maine, Portland, Maine.
Norton, M. U., Missouri Grain Dealers' Association, Mexico, Mo.
Noyes, C. F., Michigan Grain and Hay Association, Jackson, Mich.
Owen, H. N., Farm Stocks Home, Minneapolis, Minn.
Paine, J. R., Southern Wholesale Grocers' Association, Memphis, Tenn.
Peck, G. P., Terminal Elevator Grain Merchants' Association, Omaha, Neb.
Petersen, V. J., Milling and Flour Dept. Grain Corporation, Chicago, Ill.
Phelps, D. F., Bakers, Somerville, Mass.
Powell, L. H., Wichita Board of Trade, Wichita, Kansas.
Quackenbush, W., Northwestern Miller, New York City.
Quinn, Chas., Grain Dealers' National Association, Toledo, Ohio.
Richards, E. F., Baltimore Chamber of Commerce, Baltimore, Md.
Richardson, W. M., Commercial Exchange, Philadelphia, Pa.
Richeson, W. L., New Orleans Board of Trade, New Orleans, La.
Rickard, Edgar, American Relief Association, New York City.
Riley, C. B., Indiana Grain Dealers' Association, Indianapolis, Ind.
Ring, G. W., Community Millers' Association, Edinburgh, Va.
Rippin, Chas., Merchants' Exchange, St. Louis, Mo.
Robbins, David, Utah-Idaho Grain Exchange, Salt Lake City, Utah.
Robson, H. T., Allied Governments, Wheat Commission, London, England.
Roos, C. L., Kansas Millers' Club, Wellington, Kansas.
Roos, Hugo, Modern Miller, Kansas City, Mo.
Rose, S., Modern Miller, New York City.
Rowe, W. S., Western Michigan Millers' Club, Grand Rapids, Mich.
Salyards, H. F., Duluth Board of Trade, Duluth, Minn.
Sands, F. E., Boston Chamber of Commerce, Boston, Mass.
Sanford, C. F., Public Grain Elevator, New Orleans, La.
Schafer, H. K., Omaha Grain Exchange, Omaha, Neb.
Schmidt, C., American Association Baking Industry, Baltimore, Md.
Schuk, D. J., Cincinnati Grain and Hay Exchange, Cincinnati, Ohio.
Schulze, P., Schulze Baking Co., Chicago, Ill.
Searle, A. L., Duluth Board of Trade, Minneapolis, Minn.
Seele, F. W., St. Louis Merchants' Exchange, St. Louis, Mo.
Shields, E. W., Advisory Committee, Kansas City, Mo.
Shirk, C. F., Flour Trade, New York Produce Co., New York City.
Shorthill, J. W., National Council Farmers' Co-operative Association, York, Neb.
Siney, E. F., New York Flour Club, New York City.
Smith, C. P., Southeastern Millers' Association, Knoxville, Tenn.
Smith, Everett, American Relief Association, New York City.
Smith, Harry J., Kansas City, Mo., Board of Trade, Kansas City, Mo.
Sosland, D. N., Milling and Grain News, St. Louis, Mo.
Sparks, G. W., The Federal Food Administration for Delaware, Wilmington, Del.
Spaulding, C. B., The Flour Men's Club of Chicago, Chicago, Ill.
Spaulding, R. Z., Wholesale Baker, Binghamton, N. Y.
Spean, H. G., The Mid-West Flour Mills Co., Columbus, Ohio.
Speed, W. M., North Carolina Millers' Association, Durham, N. C.
Spencer, A., Breed, Abbott & Morgan, Weehawken, N. J.
Spens, C. E., United States Railroad Administration, Washington, D. C.
Starkey, H. A., Duluth Board of Trade, Duluth, Minn.
Steen, Herman, Prairie Farmers, Chicago, Ill.

Stern, P. J., American Association Baking Industry, Milwaukee, Wis.
Stratton, H. M., Terminal Elevator Grain Merchants' Association, Milwaukee, Wis.
Stroehmann, F. G., Stroehmann Baking Co., Wheeling, W. Va.
Taggart, A. L., Baker, Indianapolis, Ind.
Taylor, A. K., Milwaukee Chamber of Commerce, Wilwaukee, Wis.
Taylor, L., Indiana Federation of Farmers' Associations, Indianapolis, Ind.
Thatcher, T. C., Oklahoma City Grain Exchange, Oklahoma City, Okla.
Thompson, D. O., Illinois Agricultural Association, Chicago, Ill.
Tipton, H. D., Baking Industry, East Orange, N. J.
Toomey, T. H., Alimentary Paste Manufacturing Association (Macaroni), New York City.
Turner, V. P., Peoria Board of Trade, Pekin, Ill.
Van Dusen, F. C., Grain Advisory Committee, Minneapolis, Minn.
Ward, G. S., Ward Baking Co. (President, American Association Baking Industry), New York City.
Wartentin, C. B., Southwestern Miller League, Newton, Kansas.
Warner, J. W., New York Produce Exchange Annex, New York City.
Watkins, F. E., Cleveland Grain and Hay Exchange, Cleveland, Ohio.
Watters, S. S., Liberty Baking Co., Pittsburgh, Pa.
Wells, G. A., Western Grain Dealers' Association, Des Moines, Iowa.
Weil, B. S., Bakers, Cincinnati, Ohio.
West, Geo. C., Vermont Bakers' Association, Vermont Baking Co., White River Jct., Vt.
Weymouh, Geo., Farm Life (Magazine), Spencer, Ind.
Wickham, A. W., Salina, Kansas, Board of Trade, Salina, Kansas.
Wilmeth, J. F., United States Department of Agriculture, Washington, D. C.
White, G. H. K., New York Produce Exchange, Grain Inspection Department, New York City.
Whitecar, B. F., The National Baker, Philadelphia, Pa.
Wollman, Geo., Federal System of Bakeries of America, Inc., Minneapolis, Minn.
Zabriskie, G. A., New York Chamber of Commerce, New York City.
Zerega, Frank L., Alimentary Paste Mfgrs. (Macaroni), Brooklyn, N. Y.
Ziasmaster, H. W., American Association of Baking, Duluth, Minn.

Representing United States Food Administration and Food Administration Grain Corporation

Bausman, R. F., Flour Department, Grain Corporation, New York City.
Beatty, Wm., Comptroller, Grain Corporation, New York City.
Beam, W. I., Auditor, Grain Corporation, New York City.
Black, Edgar B., Food Administration Grain Corporation, Buffalo, N. Y.
Brandeis, Alfred, Enforcement Division, Food Administration, Washington, D. C.
Carey, Frank L., Second Vice-President, Food Administration Grain Corporation, Minneapolis, Minn.
Conkey, E. H., Food Administration Grain Corporation, Minneapolis, Minn.
Eaton, Wm. D., Enforcement Division, United States Food Administration, Washington, D. C.
Frick, A. W., Assistant Secretary, Grain Corporation, New York City.

Fox, C. B., Second Vice-President, Food Administration Grain Corporation, New Orleans, La.
Gallagher, C. V., Food Administration Grain Corporation, Chicago, Ill.
Ginder, P. H., Second Vice-President, Food Administration Grain Corporation, Duluth, Minn.
Hall, G. Roy, General Transportation Manager, Grain Corporation, New York City.
Hannigan, K. B., Food Administration Grain Corporation, St. Louis, Mo.
Hitchcock, C. N., Office Manager, Grain Corporation, New York City.
Houser, M. H., Second Vice-President, Food Administration Grain Corporation, Portland, Ore.
Irwin, H. D., Second Vice-President, Food Administration Grain Corporation, Philadelphia, Pa.
Jackson, Howard B., Second Vice-President, Food Administration Grain Corporation, Chicago, Ill.
Jackson, Geo. S., Second Vice-President, Food Administration Grain Corporation, Baltimore, Md.
Kennedy, Chas., Second Vice-President, Food Administration Grain Corporation, Buffalo, N. Y.
Kingsley, Darwin P., Director, Grain Corporation, New York City.
Lang, Bert H., Second Vice-President, Food Administration Grain Corporation, St. Louis, Mo.
Lee, John R., Food Administration Grain Corporation, Toledo, Ohio.
Martin, J. A., United States Food Administration, New York City.
McGarrah, Gates W., Treasurer, Grain Corporation, New York City.
Menke, E. H., Enforcement Division, United States Food Administration, New York City.
Moore, Watson S., Secretary, Grain Corporation, New York City.
Mullendore, W. C., United States Food Administration, Washington, D. C.
Netre, Edw., Food Administration Grain Corporation, Baltimore, Md.
Newing, E. F., Second Vice-President, Food Administration Grain Corporation, Galveston, Texas.
Piazzek, D. F., Second Vice-President, Food Administration Grain Corporation, Kansas City, Mo.
Russell, A. L., Statistician, Grain Corporation, New York City.
Shattuck, Edwin P., General Counsel, Grain Corporation, New York City.
Smith, H. M., Assistant Secretary, Grain Corporation, New York City.
Sprissler, D. L., Food Administration Grain Corporation, Buffalo, N. Y.
Staley, F. S., General Auditor, Grain Corporation, New York City.
Starr, W. O., Second Vice-President, Food Administration Grain Corporation, San Francisco, Cal.

Absent in Europe

Crowell, F. G., First Vice-President, Grain Corporation, New York City.
Flesh, Edwin M., in charge of London Office, Food Administration Grain Corporation, London, England.
Neal, Chas. T., in charge of Hamburg Office, Food Administration Grain Corporation, Hamburg, Germany.
Shanahan, J. D., inspecting European Grain Crops.

THE FOLLOWING ORGANIZATIONS WERE INVITED TO SEND DELEGATES BUT WERE NOT REPRESENTED

Flour Jobbers—

Wholesale Grocers' Association, Pittsburgh, Pa.
Missouri Wholesale Grocers' Association, Springfield, Mo.
Illinois Wholesale Grocers' Association, Bloomington, Ill.

Grain Exchange—

Richmond Grain Exchange, Richmond, Va.
Topeka Board of Trade, Topeka, Kans.
Fort Worth Grain and Cotton Exchange, Fort Worth, Texas.
Atchison Board of Trade, Atchison, Kans.
Ogden Grain Exchange, Ogden, Utah.
Oklahoma City Board of Trade, Oklahoma City, Okla.
New Orleans Association of Commerce, New Orleans, La.
Grain and Hay Exchange, Pittsburgh, Pa.
Detroit Board of Trade, Detroit, Mich.
Seattle Chamber of Commerce, Seattle, Wash.
Tacoma Chamber of Commerce, Tacoma, Wash.
Chamber of Commerce, Astoria, Ore.
Atlanta Commercial Exchange, Atlanta, Ga.
Merchants' Exchange, Memphis, Tenn.
Los Angeles Grain Exchange, Los Angeles, Cal.

Advisory Committee of the Grain Trade—

Wm. N. Eckhardt, Chicago, Ill.
Herbert F. Hall, Kansas City, Mo.
A. E. Reynolds, Crawfordsville, Ind.
F. I. King, Toledo, Ohio.

Millers' Organizations—

Virginia Wheat Millers' Association, Staunton, Va.
Montana Millers' Association, Great Falls, Mont.
New Mexico Millers' Association, Albuquerque, New Mexico.
Millers' Exchange, Kansas City, Mo.
Nebraska Millers' Association, Omaha, Nebraska.
Central Kentucky Millers' Association, Lexington, Ky.
Southwestern Missouri Millers' Association, Aurora, Mo.
South Pacific Millers' Association, San Francisco, Calif.

Producers—

Farmers' Equity Exchange, Greenville, Ill.
Wisconsin Farmers' Society of Equity, Madison, Wis.
South Dakota Farmers' Grain Dealers' Association, Sioux Falls, S. D.
Farmers' Co-operative Grain and Live Stock Association, Omaha, Nebraska.
Farmers' Union, Mead, Nebraska.
Farmers' Grange Agency, Pendleton, Ore.
Washington Grain Growers' Association, Spokane, Wash.
Farmers' Educational and Co-operative Union of America, Gravette, Ark.
New York State Grange Exchange, Syracuse, N. Y.

Grain Dealers—

Northwestern Grain Dealers' Association, Great Falls, Mont.
Tri-State Country Grain Shippers' Association, Minneapolis, Minn.
Western Grain Dealers' Association, Cedar Rapids, Ia.
Wichita Terminal Elevator Co., Wichita, Kans.
Pacific Northwest Grain Association, Seattle, Wash.
Farm Grain Dealers' Association of Illinois, Bloomington, Ill.
Lake Grain Elevator Association, Buffalo, N. Y.
City Elevator Exchange, Buffalo, N. Y.

List of Agricultural Papers—

Agricultural Epitomist, Spencer, Ind.
Farm Press, Chicago, Ill.
Inter-Ocean and Farmer, Chicago, Ill.
Gleaner, Detroit, Mich.
Wisconsin Farmer, Madison, Wis.
Iowa Homestead, Des Moines, Ia.
Successful Farming, Des Moines, Ia.
Northwestern Agriculturist, Minneapolis, Minn.
Farmers' Dispatch, St. Paul, Minn.
Farmers' Mail and Breeze, Topeka, Kans.
Missouri Valley Farmer, Topeka, Kans.
Farmer and Stockman, Kansas City, Mo.
Missouri and Kansas Farmer, Kansas City, Mo.
The Star, Kansas City, Mo.
Fruit Grower and Farmer, Kansas City, Mo.
Farm Progress, Kansas City, Mo.
National Farmer and Stock Grower, Kansas City, Mo.
Star Farmer, Kansas City, Mo.
Farm and Ranch, Dallas, Tex.
Farm News, Dallas, Tex.
Oklahoma Farmer and Stockman, Oklahoma City, Okla.
Rural Home, New York City.
Rural New York, New York City.
Nebraska Farm Journal, Omaha, Nebr.
Twentieth Century Farmer, Omaha, Nebr.
Up-to-Date Farming, Indianapolis, Ind.
Farm News, Springfield, Ohio.
Pacific Northwest, Portland, Ore.
Spokesman Review, Spokane, Wash.
Southern Ruralist, Atlanta, Ga.
Home and Farm, Louisville, Ky.
Commercial Appeal, Memphis, Tenn.
Southern Agriculturist, Nashville, Tenn.
Western Empire, Los Angeles, Calif.
Price Current, Chicago, Ill.
Flour and Feed, Milwaukee, Wis.
American Elevator and Grain Trade, Chicago, Ill.
Country Shipper, Minneapolis, Minn.
Co-operator and Farmer, Minneapolis, Minn.
Western Grain Journal, Kansas City, Mo.
Southwestern Grain and Flour Journal, Wichita, Kans.

Commercial, Boston, Mass.
Associated Press, New York City.
United Press, New York City.
Dow, Jones & Co., New York City.
New York News Bureau, New York City.
International News, New York City.
Chamber of Commerce Bulletin, Portland, Ohio.
Bulletin of Commerce, St. Louis, Mo.

Grocers' Trade Publications—

Merchants' Journal of Commerce, Richmond, Va.
Grocers' and Butchers' Standardized Food Bureau Journal, Chicago, Ill.
Facts, Chicago, Ill.
Modern Grocer, Chicago, Ill.
National Grocer, Chicago, Ill.
Retailers' Journal, Chicago, Ill.
Wholesale Grocer, Chicago, Ill.
Illinois Retail Merchants' Journal, Peoria, Ill.
Macaroni and Noodle Manufacturers' Journal, Springfield, Ill.
Twin City Commercial Bulletin, Minneapolis, Minn.
National Grocers' Bulletin, St. Paul, Minn.
Montana Trade Journal, Great Falls, Mont.
Commercial News, Sioux Falls, S. D.
Denver Grocer, Denver, Colorado.
Wholesaler, Hutchinson, Kansas.
Price Current, Wichita, Kansas.
Merchants' News, Oklahoma, Okla.
Oklahoma Retail Merchant, Oklahoma, Okla.
Progressive Merchant, Dallas, Texas.
Southwestern Retailer & Manufacturer, Dallas, Texas.
Retail Merchant, Salt Lake City, Utah.
Louisiana Grocer, New Orleans, La.
Trade Index, New Orleans, La.
Grocers' Magazine, Boston, Mass.
New England Grocer and Tradesman, Boston, Mass.
American Grocer, New York City.
Cracker Baker, New York City.
Federal Reporter, New York City.
Ideal Grocer, New York City.
Inland Storekeeper, New York City.
National Provisioner, New York City.
Pure Products, New York City.
Retail Grocers' Advocate, New York City.
Wholesale Grocers' Review, New York City.
Trade Exhibit, Omaha, Neb.
Tradesman, Omaha, Neb.
Cleveland Grocer, Cleveland, O.
Association News, Columbus, O.
Family Grocer Magazine, Toledo, Ohio.
Grocer and Butcher, Toledo, Ohio.
Grocers' Review, Phila., Pa.

Modern Merchants' and Grocery World, Phila., Pa.
Pennsylvania Merchant, Phila., Pa.
Office and Store, Pittsburg, Pa.
Up-to-Date, Scranton, Pa.
Indiana Grocer, Indianapolis, Ind.
Indianapolis Trade Journal, Indianapolis, Ind.
Trade, Detroit, Mich.
Michigan Tradesman, Grand Rapids, Mich.
New Jersey Retail Grocer, East Orange, N. J.
Cincinnati Jobber and Retail Grocer, Cincinnati, Ohio.
Cincinnati Trade Review, Cincinnati, Ohio.
Oregon Merchants' Magazine, Portland, Ore.
Oregon Retailers' Journal, Portland, Ore.
Grocers' Register, Seattle, Wash.
Northwestern Merchant, Seattle, Wash.
New West Trade, Spokane, Wash.
West Coast Trade, Tacoma, Wash.
Little Rock Trade Record, Little Rock, Ark.
Facts and Figures, Jacksonville, Fla.
Wholesaler, Tampa, Fla.
Atlanta Retail Grocer, Atlanta, Ga.
Interstate Grocer, St. Louis, Mo.
Retail Trade Journal, Springfield, Mo.
North Carolina Trade Magazine, Statesville, N. C.
Commercial Bulletin, Los Angeles, Cal.
Southern Calif. Retailers Journal, Los Angeles, Calif.
Retail Grocers and Advocate, San Francisco, Calif.
San Francisco Grocer, San Francisco, Calif.
Bakers' Helper, Chicago, Ill.
Bakers' News, Chicago, Ill.
Retail Baker, Brooklyn, N. Y.
National Baker, Philadelphia, Pa.
Pacific Coast Gazette, San Francisco, Calif.
Western Baker, San Francisco, Calif.

Grain Trade Advisory Committee

Named by the trade and approved by the Wheat Director

Van Dusen, F. C., Chairman, Chamber of Commerce, Minneapolis, Minn.
McDougall, E. D., Armour Grain Co., Chicago, Ill. (succeeding C. B. Pierce, of Bartlett-Frazier).
Shields, Edward, Simonds-Shields-Lonsdale Co., Kansas City, Mo.
Powell, L. H., Wichita, Kans.
Horner, F. A., President, Illinois Grain Dealers' Association, Lawrenceville, Ill.
Randels, W. M., President, Oklahoma Grain Dealers' Association, Enid, Okla.
Eckhardt, W. N., Pope & Eckhardt, Chicago, Ill.
Ballard, J. O., St. Louis, Mo.
King, Frank I., Toledo, Ohio.
Mitchell, O. W., Produce Exchange, New York City.
Hall, Herbert F., Hall-Baker Grain Co., Kansas City, Mo.
Armstrong, S. C., Merchants' Exchange, Seattle, Wash.
Meich, H. R., Argyle, Minn.

Flour Milling Advisory Committee

Named by the trade and approved by the Wheat Director

Bell, James F., Chairman, Washburn-Crosby Co., Minneapolis, Minn.
Lingham, Fred J., Federal Milling Co., Lockport, N. Y.
Kelly, E. M., Nashville, Tenn.
Mennel, Mark M., Mennell Milling Co., Toledo, Ohio.
Marr, B. W., Gwinn Milling Company, Columbus, Ohio.
Eckhardt, B. A., Eckhardt Milling Co., Chicago, Ill.
Loring, A. C., Pillsbury Flour Mills Co., Minneapolis, Minn.
Sherwood, J. W., Royal Milling Co., Great Falls, Montana.
Plant, Samuel, George P. Plant Milling Co., St. Louis, Mo.
Milnor, George S., Sparks Milling Co., Alton, Ill.
Hoffman, E. V., Kansas Flour Mills Co., Kansas City, Mo.
Moses, Lee E., Kansas City Flour Mills Co., Kansas City, Mo.
Kell, Frank, Wichita Mill & Elevator Co., Wichita Falls, Texas.
Ganong, J. W., Portland Flour Mills Co., Portland, Ore.
Fisher, O. D., Fisher Flouring Mills Co., Seattle, Wash.
McNear, S. B., Sperry Flour Co., San Francisco, Cal.
Bransford, C. W., Owensboro, Ky. (President, Community Millers' Association).
Ring, Geo. W., Edinburg, Va.
Chapman, J. R., Enid, Okla.

Flour Jobbers' Advisory Committee

Named by the trade and approved by the Wheat Director

Horan, Hubert J., Chairman, President, Flour Club of Philadelphia, 669 Bourse Building, Philadelphia, Pa.
Sands, F. E., of Sands, Taylor & Wood Company, 131 State Street, Boston, Mass.

Shirk, Charles, 332 Produce Exchange, New York City, N. Y.
Mears, A. W., of White & Company, Baltimore, Md.
Paine, J. R., of The White, Wilson, Drew Co., Memphis, Tenn.

ADVISORY COMMITTEE OF THE BAKING INDUSTRY

Named by the trade and approved by the Wheat Director

Arthur, James B., Chairman, Ward Baking Co., New York City.
Tipton, Harry, The Shults Baking Co., Brooklyn, N. Y.
Metz, Leonard, 989 South Orange Avenue, Newark, N. J.
Taylor, St. John, Cushman's Sons, Inc., 49 Manhattan Street, New York City.
Barber, Jesse N., Hill Bread Co., Trenton, N. J.

CABLEGRAM FROM MR. HOOVER

PARIS, June 12th, 1919.

JULIUS H. BARNES, New York:

I would like if you could take occasion in your forthcoming conference in New York to express to these gentlemen the hope I possess that the sense of subordination of private interest to service for our people and to the world generally which our trades have shown during the war shall not end with Peace.

We are entering a new economic and social era when the forces of order must strengthen themselves by the confidence of all our people, that they are worthy of confidence and are devoted to the public interest.

Here in Europe the individualism upon which economic life and civilization has been built is on trial against the forces of communism.

They will, I am sure, hold with me that our organization of the processes of production and distribution built as it is on every incentive to individual effort is the only system by which the prosperity and comfort of all of our people can be maintained.

Yet this very system must evolve methods by which there will be a more equitable division of the profits that arise out of its processes or it will give life and stimulation to its opponents. The devotion to public interest of the trades themselves in the voluntary wholesome suppression of vicious speculation during the war was a step in this direction which should not be lost.

I am sure that you individually in the great and difficult task that you have assumed in response to public necessity are an example of this of which we are all proud, and I am sure you will be supported by the trades as I have been.

HERBERT HOOVER.

CONFERENCE OF

TRADE REPRESENTATIVES

with the

UNITED STATES WHEAT DIRECTOR

JULIUS H. BARNES, Wheat Director, Presiding

ADDRESS OF UNITED STATES WHEAT DIRECTOR

I desire to express my appreciation to you who have responded to the invitation of the Wheat Director for this conference. I appreciate that for many of you, it has meant considerable inconvenience and discomfort, especially to those from the far Pacific, and I am not unmindful of it.

We have reached the second milestone that marks the conduct of the Grain and Milling Trade under Governmental supervision and direction. In almost every other direction of American business activity the war organizations have been demobilized and the trade restored to private initiative.

In wheat and wheat products we face another year of Governmental supervision, made necessary for the faithful discharge of a national war pledge to the producer.

I would also like to present to you some larger phases of the international wheat trade which have developed in the recent past and may develop during this ensuing year. A better appreciation of the great difficulties and distress under which the consuming countries of the world now labor, and from which they are just emerging, may help to reduce the resentment of the American trade at continued war control after war has ended.

It is necessary also that you and those reached by you should have a clear understanding of the great need for international helpfulness, evidenced in a manner and on a scale which can only be made fully effective by national direction.

Important decisions and decisions far-reaching in their effect at home and abroad must be made during the coming year. It

is not conceivable that those decisions and the policies made effective based on them, can meet the approval of all men.

Yet, someone must take the responsibilities of those decisions, and if they are made after care and patient investigation and full consideration, they are entitled to the respect and the support of even those who differ with those conclusions.

After two years of public service, and with victory won in the war for the prosecution of which we had enlisted our business experience, neither I nor the Vice-Presidents who made up the personnel of the Grain Corporation desired longer to continue. We had hoped with the kind commendation of the President of the United States of our work to resume our own private business activity with the knowledge and satisfaction that to the full extent of our strength and our ability and our experience we had contributed to the successful prosecution of a great war, rightfully waged.

In that war, history will record that America played a decisive part. A resolute and effective army was organized in marvelously short time from the peaceful men of a great democracy. A miracle of ocean transportation delivered that army across three thousand miles of submarine-infested ocean with a speed which bewildered and appalled the enemy. The manufacture of munitions and engines of war on a most titanic scale, equipped and supported that army and largely equipped and maintained also the army of our Allies.

We Americans have a right to a great pride in the effective and decisive aid rendered at the crucial period of the war.

It is well, too, to take some pride in the fact that at home, in a people drawn from the four corners of the earth, industrial content was maintained and greatly facilitated the efforts that directly reflected into the prosecution of actual warfare. Industrial content and peace based on confidence that prices were fairly maintained equally to all classes of our people; that intelligent production policies were assuring the creation of sufficient supplies; that just and competent control would fairly apportion those supplies to ourselves and our Allies. And it is a proper pride for the Food Administration and its Agencies to sincerely believe that that confidence and that trust was not misplaced.

I have an especial pride that through all the difficult problems to be solved without the guide of precedent, the Grain Corporation has discharged its obligations so quietly, so unobtrusively, that outside of the Grain Trades themselves, few of our people

realize the extent of its responsibilities and the magnitude of its operations.

These are exemplified in the statement that, for the twenty-two months ending July 1, next, the total turnover of the Grain Corporation will equal or exceed seven billion dollars. I think that turnover exceeds that of the Steel Corporation and is exceeded by no other commercial organization.

We have a pride also that the President of the United States, by cable, expressed his appreciation and gratitude for the service rendered by the association of business men comprised in the Grain Corporation.

We feel, also, a pleasurable pride that we have been able to hold the balance of control so fairly between sections and individuals that almost every Grain Trade Organization in America, accepting the inevitable extension of another year of Governmental administration, has requested the personnel of the Grain Corporation to continue in service.

The requests of these Trade Organizations and the expressions of their confidence have been accepted as sincere by the Grain Corporation, and reinforcing the express request of the President to continue in service the coming year, have been decisive in the acceptance of that continued service.

It has been borne in upon us by actual contact that Food has been a great war weapon. It is being impressed upon us that Food will be a great reconstructive force, potent in restoring the shaken edifice of civilization itself.

If you think undue emphasis is laid upon food and its influence, read the story of what has been done in Europe since the armistice, when other agencies and forces have been demobilizing.

So experienced a statesman and so shrewd an observer as Lord Reading has been recently quoted:

> "Whether or not food has been offered Russia on the conditions reported, I do not know; but I do know that food at the present time is as potent a force as great and valorous armies."

Even before the armistice was signed, Herbert Hoover, Food Administrator, with far-seeing vision had pictured the rapidly approaching day that marked the exhaustion of food reserves in the liberated and enemy countries of Europe and the arrival of that day before possible replenishment by the new harvest.

Within two weeks after the signing of the armistice Mr. Hoover was presenting his views and convictions to the Allied authorities of Europe, in the difficult atmosphere of lassitude and relaxation of effort. He first impressed, and then convinced, until there was set up a great Allied Relief Agency, with Herbert Hoover as Director General of Relief.

It is to be noted that through it all American organization, American food, American ships and American finance has carried, necessarily, the larger part of the burden, and I sincerely believe this story of American vision and American practical assistance has written a page that will stand in history.

Across stretches of European chaos and anarchy, replacing medieval couriers with its own telegraph and telephone lines, operating miles of railways and waterways where the usual functions of carriers have broken down, negotiating with the officers of finance and commerce and food and diplomacy of sixteen different countries, the actual distribution of food has proceeded so quietly, so efficiently, that America itself is hardly aware of the magnitude of the accomplishment.

They have seen the results to which this contributed. Newly-established Governments from their very inception have been stabilized as islands of orderly democracy in the very sea of governmental dissolution.

Finland, supplied with food even while its ports were ice-bound and its ocean routes still sown with the menace of floating mines; Finland, standing firmly on its feet, an example of universal suffrage and of self-respecting democracy at the very threshold of Russian disorder; Finland, beginning its economic life as an inspiring example of the renewal of the orderly processes of commerce on which human happiness is sustained, ready even now to ship its products to the world and pay its own self-respecting way.

The Baltic States, made secure by the banishment of famine, encouraged by the friendliness of the great Allies, have built a dam to the Russian dissolution.

Poland, 27,000,000 people, largely dependent on foodstuffs from the outside world; 12,000 square miles of arable grain land lying unused because the overflow of Russian anarchy threatened to engulf it, and that menace destroyed industry. Poland, sustained by supplies sent across a strip of enemy territory, policed by American soldiers, for the purpose of relief. The first food relief entered beleaguered Lemberg on an armored train, and just in time. The Polish Government

has officially expressed its gratitude and acknowledged the extremity of its need, thus relieved.

Czecho-Slovakia, surrounded by enemy countries, supplied from the south by train from Trieste, from the north by barge up the Elbe through Germany, maintained in social order because its people have the prospect of orderly employment and orderly existence, beginning its economic life, already negotiating the sale of national products which maintain the national existence.

Jugo-Slavia, 11,000,000 people, overrun for four years by enemy occupation, swept with disease, stripped of its food reserves, fed and nourished jointly by the Relief Administration and the Red Cross until both famine and disease have been largely eliminated.

Far-off Armenia, reached by direct shipments through the Black Sea, served through Batoum with American food distributed with the aid of the Armenian Relief Commission, has in some degree seen previously unendurable existence made endurable.

Austria, shrunken to 7,000,000 people, has seen its old associate, Hungary, fallen temporarily at least into bolshevism, but encouraged by the demonstration of practical humanity, has kept the red flag off its streets.

Germany, allowed to purchase its food and to transport it to the extent of the dictates of humanity, coldly, fairly and justly applied—America and the Allies keeping the pledge of the armistice that Germany should be allowed to purchase food to the extent of its necessities—has been, with the agency of food, directly shown an exemplification of international justice and pledge-keeping.

Roumania, most perplexing and most absorbing problem of all, famishing within a day's journey of Odessa, the former outlet for the great grain granary of Southern Russia. Roumania, supplied with existence through its Black Sea ports by ships passing the Golden Horn, dependent on five thousand miles of ocean transport and the humanity of far-off peoples, while within a stone's throw of the vast fields of its former neighbors whose surplus, together with her own, furnished a large part of the former overseas food movement.

Roumania, stripped and ravished by two years of enemy occupation, despoiled even of household utensils and equipment without a pretense of compensation, a country formerly exporting annually 100,000,000 bushels of grain, deprived not

only of the products of its farms, but despoiled even of the agricultural implements and the work-animals that carried the promise of another harvest. Even necessary seed grain stolen by its enemy conquerors, or consumed at home in the effort to preserve present life. Its story is told in the census of domesticated animals as below:

	1916	1919
Horses	745,000	149,000
Oxen	1,765,000	705,000
Sheep	5,550,000	445,000
Cows	1,680,000	420,000
Swine	839,000	84,000
Total	10,579,000	1,803,000

Let those figures sink into your memory until they carry to you the story of destroyed economic existence. Recall how ten per cent. increase or ten per cent. decrease in our census of domesticated animals spells the difference between normal distribution and normal prices and the inflation or depression and the security or distress which follow even that minor variation.

Fifteen hundred miles east from Paris, two thousand miles north and south from Helsingfors to Armenia, with a great web of American Army officers and civilians of ability, this organization for relief has distributed 1,300,000 tons of foodstuffs. Under-nourished children and ailing mothers have had the foods which most speed their health recovery.

Take the map and see how the countries of relief-need border the great granary of Russia. Russia, that normally produced 1,600,000,000 bushels of bread grains annually—more than all that North America has ever raised in one year—has written the most monumental failure of humanity in all history. Ten railway lines intact reach from the grain fields of Russia, tapping the two thousand miles of perishing humanity along its border. Never such an opportunity to serve the great world in a great way! Preaching an idealistic international brotherhood of man, it installed a social and political system that destroyed its victims by hundreds of thousands.

Feeling deeply the suffering and distress of the world, the Great Democracy of the West, on the contrary, has made its sympathy and humanity effective. Across four thousand miles

of difficult ocean transport, it has held Europe together, giving it the food that preserved their bodies and the demonstration of helpfulness that restored courage and faith to their souls.

American National Finance, mistakenly pictured as lacking warmth and sympathy, has advanced to those newly-liberated helpless people over $250,000,000 since the armistice, and including Belgium, $650,000,000. These advances are directed by the instincts of humanity, but secured by the character of people who have preserved their faith and courage under the greatest strain in history and by the natural products which never-failing nature will bestow upon these peoples when normal processes are again restored.

The black shadow of famine has been pushed back to the very border of Russia.

The glory of our military assistance in the preservation of free peoples has been supplemented by the glory of economic aid to make sure their right to live.

The world has called the Americans a "commercial people." If "commercial" means to have a vision to see, the power of deduction to solve, the genius for organization to effectively administer, and the generosity to capitalize character instead solely of property, then we have written a new lustre around the title and we accept it in all pride.

That the Grain Corporation has been the buying-agency for all these foods and that it necessarily owed the obligation to withdraw these supplies from America's markets with the least disturbance to home necessities possible, and has so discharged it—that the Grain Corporation has been the shipping agency, rail and ocean—that it has been the agency which made it possible to act quickly, comprehensively, and I am glad to claim, successfully, is to me the greatest source of pride in the two years of work by the Grain Corporation.

In reviewing the operation of the past crop-year and from that experience trying to forecast the coming year, it is useful to recall how startling has been the change in the policy adopted for that year.

In the trade conference of a year ago there was a general expression of approval of a policy which would plan to create a national reserve of wheat for the security of ourselves and our allies, a reserve planned to carry over into the new crop now upon us.

With the collapse of the German war machine and the signing of the armistice, ocean shipping was freed to other sources

of supply; the necessity of such reserve was no longer vital, and the American policy changed with the ending of the war.

The result is seen in that now, at the close of the crop year, the Grain Corporation has no reserve of any kind of wheat or wheat flour beyond its commitments, and those already almost completed. It is quite apparent that at the ending of the crop-year the country will have a very small carry-over, partly due to an overestimate of last year's crop, but more due because the ending of the war disclosed the great food vacuum of Europe and drew upon us more heavily than those who were not closely informed of the existing conditions in Europe could possibly anticipate.

I cite this because it is well to keep in mind that any forecasts of wheat supplies and wheat demands for the coming year have in them naturally many factors possible of fluctuation, and which may nullify the most careful advance calculation.

I am led to emphasize this also because of the kaleidoscopic changes in sentiment in America itself within even the last five months. In January there was a most insistent pressure on a part of the public—a part whom I believe quite uninformed of the world situation—that wheat should be marketed at a lower price; a price named in popular conception which would only be justified by the most depressing accumulated surplus, when, as a matter of fact, such surplus did not actually exist. Such prices popularly suggested would, in the present era of high wages and high costs, have been destructive of production, if they could have been artificially installed, and would have brought in their train great and real disaster.

This phase passed, and in April and May we saw a counter sentiment equally strong that wheat supplies of the United States would be inadequate to protect our domestic consumption and with no legally effective control of prices, wheat and flour advanced sharply. Fortunately, by complete disclosure of the facts, it was soon realized that we had protected the necessary supplies at home and could still discharge our overseas obligations. Since which time there has been a gradual sagging-back of prices to the basis from which they should never have departed.

During the past year, and indeed the past two years, there has been one outstanding feature of the Grain Corporation relations with private organizations and with other Government Departments, that which has shown what can be accomplished by sympathetic team-play.

The extensive detailed trade information which the Grain

Corporation secured from all sections of the country has been placed in the service of other branches of national administration.

The railroad control of cereal flow to seaports and to inland markets by permits whose issuance was influenced by the trade knowledge and the trade experience of the Grain Corporation personnel, did, through a most trying period, minimize the car blockades that formerly would have produced actual cessation of movement of all kinds. Never was there a more difficult period of ocean transport to operate than during the months of last summer and fall. Ship after ship assigned for food cargoes were unexpectedly diverted to munitions of war, increasing the unceasing pressure against the yielding German Western Front. Never was it so difficult to calculate ahead the relief of cereal loadings to come at ocean ports. Such relief when thus delayed reflected back to the checking of movement in the inland terminals as well.

Through such difficult conditions it is interesting to record that for the eleven months of the crop-year to June 1, last, the movement of all grain through the elevator and mill facilities of the country totaled the enormous aggregate of 3,700,000,000 bushels, while at no time was there in storage on any one day, in all positions, more than 480,000,000 bushels. A moment's reflection would show how disastrous would be the total choking of all movement by car blockade and how distinctly in the public interest it is to maintain such control that at least shows a daily movement enormous in the aggregate.

A just division of the transportation facilities thus afforded between various seaports and sections and commodities required care and patience and a sincere desire to be fair and just between all claimants, and I may sincerely claim its administration in that spirit.

On the Great Lakes a co-operative agreement with the Lake Carriers Association so facilitated the loading and discharge of lake carriers that vessel-blockade at Buffalo was unknown, even with an enormous grain movement through that port. The fall blockade of vessels had previously been expected as a matter of course. The strained storage facilities of the country were enlarged by the use of lake steamers for grain storage to the extent of fifty million bushels at the close of navigation. The rate of freight agreed upon was open to the smallest shipper.

The National Board of Fire Underwriters, recognizing as a sound national policy the policy adopted by the Grain Corporation as for all government property that the Government itself

should carry the fire risk, did, nevertheless, in spite of the resulting sacrifice of its own revenues, provide a system of elevator supervision to safeguard Grain Corporation risks along with their own.

The Department of Agriculture, through its Bureau of Chemistry, demonstrating the cause and the prevention of fires of spontaneous combustion origin, was able at a small expense, assumed by the Grain Corporation, to reach a country-wide audience, and the figures of decrease in fires of such origin are a striking tribute to the success of its investigations and the soundness of its remedies.

Through the Agricultural Department's organization of County Agents, along with that of the Food Administration County Administrators, the Grain Corporation at a relatively small expenditure was able to conduct a campaign for better threshing methods with a trained personnel of threshing instructors. Competent observers estimate that fully 45,000,000 dollars worth of grain was saved that would otherwise have been lost out of the last harvest.

The Agricultural Department, through its Bureau of Markets, has co-operated in a better standardization of grain inspection in the various markets and between differing seasons of the year.

The United States Shipping Board furnished the carriers for an immense program of food relief in Europe since the armistice, and throughout the past two years have co-operated in supplying carriers for movement of Pacific Coast foodstuffs to the Atlantic, and abroad. We have found there a spirit mutually helpful. The agents of the Grain Corporation throughout all of Europe served the Shipping Board in discharging cargoes, furnishing supplies to steamers, and even securing return cargoes for the Shipping Board.

The War Department early placed in our hands the buying of its flour supplies and of other standard foods, and by the assurance of a steady, well-controlled, constant flow, reduced the reserves necessary for their security to the smallest possible compass. In the relief work abroad, the Army have been very helpful in assigning experienced and able officers for European service in the food distribution and in securing the safe conduct of supplies.

In the same way the supplies of standard articles have been bought for the Navy, in proper quantities, at proper seasons, and with the assurance of proper prices. Again, in European Relief Work the Navy personnel has furnished port officers, transported

where other transportation was lacking the officers of the Relief Work, and with its wide-flung line of ships secured the personal safety of Relief Agents in all ports.

The United States Treasury by sympathetic and intelligent co-operation has helped us over many problems, and we have been able to strengthen their own position in return. When the American dollar was at unfavorable discounts in neutral countries, the stipulation on our part that foodstuffs should be paid for in gold par in the financial capitals of those countries, aided an early return of the dollar to its proper relation.

Even to-day the United States Treasury, by putting in the hands of the Relief Administration the transfer of foreign exchange to all of these countries, has enabled the small remitter in this country with relatives or friends needing his remittance in these devastated countries abroad, to make his remittance secure in the rate of exchange and the knowledge that it would be paid in the currency of the country to which he desired remittance. A constant flow of food into those countries and the sale of such food for local currency gave a ready supply of such currency everywhere at the disposal of the American Relief Administration.

The persistent policy of the Grain Corporation to secure the acceptance in its foreign sales of a large proportion of manufactured product, shows an interesting result. The forecast for the season's exports of flour made a year ago, popularly ranged at about 17,000,000 barrels. It looks now as if the record for the year ending July 1, next, will prove to be about 27,000,000 barrels, against an average for the years 1911-1917 of 12,500,000 barrels.

The total exports of wheat and flour promise to pass 300,000,000 bushels in the aggregate.

A year ago, in the construction of a food program designed to maintain the morale of our Allies and at home, a mark was aimed at for overseas shipment of 20,000,000 tons of foods. It is interesting to know that even with the relaxation of the armistice, with the opening of other sources of supply by the elimination of the submarine, that the food movement for the cereal-year promises even now to equal about 17,000,000 tons.

Everywhere that we have asked for co-operation and support it has been readily granted, and we have tried to make the Grain Corporation a business instrumentality in the highest sense, facilitating the conduct of all business in which we had an influence.

Some of the phases of co-operation should never be aban-

doned, and need not be abandoned, with intelligent self-interest on the part of the trades affected and intelligent administration on the part of Governmental Agencies.

For instance, the seaport facilities of this country are not adequate to the tonnage burden thrown upon them, except by concentration of control and direction—a heavy price to pay if that control shall be bureaucratic and not directed by competent experience.

What will happen to the seaports of this country when a system is restored of individual shippers matching individual lots of grain and flour to certain identical ships, each shipper struggling for his share of the facilities, and even cumulatively heaping the strain upon them in order to take no hazard of being left behind?

The aggregate losses in steamer demurrage, storage and expenses, losses in cancelled contracts, will be a new and real burden which can only be provided against by increasing the business toll upon the marketing, unless some form of voluntary co-operative effort offers the solution.

Future Policies.—I desire here to again remind you that the reason there is a Wheat Director and a Government Agency operating for this coming year, has been primarily to devise a way to make effective to the producer the guarantee price of $2.26, Chicago basis. In some way the producer must be offered the opportunity to market his wheat thereat, and in some way the resulting flour must be marketed here and abroad.

The payment for the grain can be made in several ways by Government control and by Government direction, but the sale of the finished product can not be so forced upon the consuming world, and there arises, therefore, the necessity of constructing an agency that can, as fairly as possible, anticipate the various complexities and provide a policy suitable for their solution.

It is evident that, with the size of the crop now in sight, that the pressure for marketing will, shortly, force wheat prices in this country back to the Government guarantee basis and that buying of wheat in large quantities at that basis by the Government will be the decisive factor in wheat prices of this country, stabilizing them at that Government guarantee level.

The resale policies then of such a Government Agency become at once then a matter of great public interest.

1. Shall that Government Agency supply the flour product of our wheat to our consumers at a lower price-level than the fair-price paid the farmer under the guarantee?

2. Shall the price be maintained in our domestic markets and to our home consumers, while we market our surplus in the world's markets for a lesser price?

3. If we are prepared in case of need, to market a surplus for a lesser price in the world's markets, should we conversely force or accept a higher price if the world's markets will stand a higher price? That is, if the world's markets will stand a higher price, is it just to accept it?

4. Shall our domestic consumers be protected at not higher than the Government guarantee fair-price, or shall our home consumers also be required to pay a world's price demonstrated higher than the guarantee?

5. Shall we attempt, as private merchants do, to feel our resale policy from day to day, subject to the influences of current crop deterioration or crop enlargement, or shall we as holders of the deciding balance of the world's supply, forecast as nearly as possible the fair-price policy for the crop-year period, and adhere sturdily to that policy, regardless of the temporary presence or absence of current demand?

At this point it is well to recall the origin of the Government guaranteed wheat price. It was not selected in Congress, although authorized by legislation. It was originally, in August, 1917, the judgment of a Fair-Price Commission of eleven men as being the fairest measure between producer and consumer, and having present in it a factor of crop stimulation that assured our necessary supplies. It is the latest and the fairest expression of fair price between producer and consumer in this country.

As to whether the armistice and the termination of war conditions should measureably affect that price, upward or downward, there are substantial arguments on either side.

As to whether it has operated naturally to stimulate production, the large wheat-acreage sown last fall and this spring under its influence would seem to be a sufficient practical answer that it was stimulating.

The words "Stimulation of Production" slip so easily from the tongue that unless one thoughtfully comprehends the magnitude of the issues involved and the influence which such stimulation exerts with far-reaching effect, you may lose the vital economic meaning compressed in the expression.

I wonder how many of us really appreciate the magnitude of our farm production industry and the fact that it is still the backbone of American economic life.

For instance, on invested capital, it is well not to forget that the last census we made of this country in 1910 gave the following results:

Value of all farm property, forty-one billion dollars, or 51%.

Capital engaged in manufacturing, eighteen billion dollars, or 25%.

Capital invested in railways, seventeen billion dollars, or 22%.

Capital invested in mines and quarries, four billion dollars, or 4%.

In the census-year of 1910 on which the invested capital was estimated of forty-one billion dollars, the farm output was estimated at six billion dollars. The farm output in 1917 had risen to sixteen billion dollars; or a production in the one year of 1917 of an annual yield almost equal to the entire capital investment of our last census-year in either manufacturing or in all our railway systems.

In this present year of 1919, it is probably a conservative estimate to say that the population on our farms to-day is not less than thirty million, and an additional twenty million live in cities of under twenty-five hundred people and directly dependent on the surrounding farm industry. One-half of our people at least are directly dependent on the prosperity of our farming sections.

More than once in our history the surplus farm production poured into foreign markets has restored the balance of exchange that saved our whole structure of finance. More than once in our history the absorbing capacity of the farming sections for the products of our manufacturing industry has maintained that industry through international depression, or has furnished it the basic maintenance which allowed it to seek successfully foreign outlets for an increased production.

I cite these facts not to establish the right of one class or section of preferential treatment, but to point out that those who would restore the farm prices of past years of depression in this era of increased prices for labor, machinery and all the supplies that farming require, would tend to throw the largest basic industry of America into confusion and demoralization that would reach far beyond the confines of that agricultural class alone.

Far safer, and far more sane to help ease the necessary readjustment which credit and currency enlargement have forced upon the world in the form of higher prices. Far more effective in public service it is to help that readjustment bear as

lightly as possible until those who are most unfavorably affected by it may have a chance to re-align their defense and re-adapt their habits. I can not believe that it is the desire of any business community in America to unduly profit by the wider fluctuations of a higher price level. More, I believe, as they understand the distress which has followed the readjustment of prices, that they would help in every way to reduce that economic pressure by elimination of hazards, reflected in larger tolls between producer and consumer, and I believe them to be willing at some sacrifice to themselves, to make sure that this vital necessity, Food, may bear as little of trade burden and expense as possible.

The only substitute that can be considered for this fair-price expressed in the National Guarantee, is that of a price made by the play of supply and demand influences. Supply and demand to-day are not free to exercise their customary pressure. The wheat crop of the world is largely an overseas food movement, and ocean transportation is still restricted and difficult. The overseas commerce depends for its very life on the play of international finance and exchange, and these to-day are most difficult and often broken.

In pre-war days, with production and consumption normal and governed largely by the natural resources of the various countries, a free play of exchange of commodities, and a balancing of the credit necessary went on so quietly as to be unnoticed and almost unseen. Countries importing necessities from one direction and exporting surplus production in another offset the one by the other through credit channels of the world with little premium or toll and with practically no disturbance of price relation.

To-day, the whole credit structure is broken down and is made to operate solely by the exercise of the power of government itself. The unseen free play of exchange which balanced export values of a country against its imports requirements in another direction is not, at present possible.

More than that, never before has a nation with large importing requirements for the means of sustaining life itself had so little to export with which to pay. The very destruction of war which enlarged their import requirements, particularly of food, has destroyed their producing machinery of the commodities their natural resources had hitherto furnished, so that at both ends of the candle the flame has burned. Never before in commercial history has it become so necessary for grain-selling

countries to consider the extension of credit as a necessary part of the marketing machinery. Never in commercial history has absolute price alone sunk to such relative insignificance.

Yet, in spite of the difficulty of ascertaining the measure of play still allowed supply and demand influences, we must measurably forecast the probable demand to fall upon our crop surplus. Calculations made at this time are more than usually subject to error and variation because much of the world's crops on which the year's policy will be based, is still in the field and still subject to material depreciation.

Keeping these factors of possible error in mind, the world's situation to-day seems to forecast about as follows:

Australia—	
Apparent surplus July 1, next.....	85,000,000 bus.
Average new-crop surplus available next December	55,000,000 bus.
Total available for the coming crop-year	140,000,000 bus.
We estimate of this, that Australia could probably put into overseas movement	120,000,000 bus.
Argentina—	
It is to be expected she will have on hand July 1, next	135,000,000 bus.
Plus the average surplus from her new crop due in December	100,000,000 bus.
Total available for the coming crop-year	235,000,000 bus.
We estimate that Argentina may put into overseas wheat movement..	120,000,000 bus.
Canada—	
It seems quite apparent her acreage is no larger than a year ago, and we estimate that she can fairly be expected to put into oversea wheat movement.....	100,000,000 bus.
Russia, Roumania, Bulgaria, India—	
All of these usual exporters promise to be unable to contribute, or indeed, may become actual importers.	

So that, at the present moment, we may expect that for all the world overseas requirements of wheat in excess of 340,000,000 bushels, the United States will be called upon to furnish.

It is, therefore, of serious moment that we should ascertain the probable world demand to fall upon the exporting countries.

During the five years prior to the war, the import for all of Europe averaged:

Wheat	530,000,000 bushels annually
Rye	45,000,000 bushels annually
Total bread grains.....	575,000 bushels annually

Of these quantities, Bulgaria, Roumania and Russia provided:

Wheat	220,000,000 bushels annually
Rye	40,000,000 bushels annually
	260,000,000 bushels annually
Also, India provided.....	50,000,000 bushels annually
Total from producers not now available	310,000,000 bushels annually

These average imports of 575,000,000 supplemental average home crops in Europe of 1,800,000,000 bushels, indicating a total consumption in Europe of 2,375,000,000 bushels, annually, of bread grains.

We have again, then, two factors to ascertain; one, of the size of the home crops of Europe, and the other, What effect, if any present conditions have on their normal total consumption?

In the warring countries, it seems quite certain that acreage has been reduced, because of disorganized labor and the reduction of work animals. It seems quite probable, also, that soil fertility has declined steadily, with the absence of the usual application of fertilizers. The extent of this decline is difficult to accurately estimate, but it seems fair to assume that the production promise of all of Europe will hardly exceed 75% of the normal.

As to consumption, the difficulty of making payments and of readily transporting purchases, will probably tend to reduce the aggregate consumption to some extent. With depleted herds, with the crops of feed grains affected by the same conditions to an even larger extent, substitution of food will prove, however, most difficult. Putting an arbitrary estimate on the economies which could be made effective—and it is probable that we must reach a conclusion that the import requirements of bread grains into Europe will approximate 650,000,000 bushels to 700,000,000 bushels for the coming crop-year. Add

to this quantity the normal requirements of the ex-European countries for overseas bread grains, and it is probable that the overseas movement of bread grains this coming year must aggregate 750,000,000 to 800,000,000 bushels.

So that, it seems quite possible that there will fall upon America an overseas demand of 410,000,000 to 460,000,000 bushels. The largest previous export movement of wheat and flour from America was the crop-year of 1914-15, amounting to 332,000,000 bushels.

Should this demand materialize, it will require the most careful supervision of seaboard and inland markets and of railroad and water transportation to put that quantity through our ports without severe congestion.

Applying these export figures to our crop outlook to-day, we find this situation.

Our crop promise of wheat fortunately promises to yield between 1,100,000,000 and 1,200,000,000 bushels.

Our home consumption for bread and seed may be roughly calculated at 600,000,000 bushels.

Starting the crop-year with no reserves or carry-over from the crop just finished, we are called upon to export exceeding 400,000,000 bushels. It leaves us only the promise of such adequate reserves as a great consuming country should carry from one crop to another.

This forecast at once suggests a consideration of a policy as to whether, with the United States controlling over 50% of the probable overseas requirements, we should ask a higher price than the Government fair-price basis.

Again, remembering that the Government guarantee price is probably as fair an expression of value as can be ascertained under the present dislocation of supply and demand influences and that its security in production has been demonstrated by the acreage planted to wheat this past year, we should neither demand nor accept for Government sales a price substantially in excess of that fair-price, plus proper accrued charges.

Insisting that the Government in good faith should make good its pledge to the grower and not discard it as a war contract susceptible of cancellation, I feel just as strongly that the necessities of Europe shall not be used for national profiteering. I believe it to be American in ideals that no undue advantage be taken of our dominating position as to the source of supply, even after the advent of peace dissolves our partnership relations with our former allies.

In the same way, should we for any reason deem it advisable to sell our national surplus abroad at less than the Government fair-price basis at which that surplus may be accumulated, then that lower price basis should be reflected to the domestic consumers also.

In furtherance of this latter policy we have endeavored to construct trade contracts which will furnish, on occasion, the proper agency to make that lower price effective to our consumers, without fraud and abuse.

As we get into a discussion of the details of those trade contracts, the measure of opportunity and security which they offer the necessary trades, I feel justified in again emphasizing my belief that neither the Government Agency, nor you engaged in private business affected by Government supervision, can wholly consider these questions without the injection of a measure of practical idealism.

In our own fortunate country, our industries have not been destroyed, our meat-producing herds are intact, our prospective grain stores are fortunately large, industry and employment has received no such shock as abroad, yet we are feeling the groundswell of these conditions in Europe where the lives of four hundred millions of people have been touched, strained, dislocated, and even destroyed by the blight of war.

The economic pressure which follows a readjustment of world commerce and world prices to enlarged currency and credit flotations bears hardly upon certain classes of our people. As always in the great economic readjustment of the social structure, there are those who feel the pressure and grind of new conditions for which they were not prepared. Wages and even salaries have by their increase reflected somewhat, at least, the readjustment of price forced by the enlargement of world's credit. But income of a fixed relation has not expanded, and for them life has become measurably more difficult. The correction for such evils as do thus exist is not by retracement alone. Our problems could not be solved by deflation, even if deflation could be forced and we know that such deflation would bring in its train at this time greatly enlarged distress and suffering. Individual resourcefulness and initiative, patience and courage, human sympathy guided by energy and common sense must in the main work out each individual problem.

But during this period of difficult readjustment here in our own country, we who handle the prime food of the country can not absolve ourselves of the semi-public nature of that business.

It must not be made the subject of unrestrained and unthinking speculation. It is unthinkable that large private profits should accrue from Food.

Business can be soundly carried on and with a fair return for capital and labor and study and effort. It surely is shallow in thought to cry that the war is over, and hold that methods of unrestrained bargain and sale must be immediately reinstated, while a great part of the world's social structure, built by two centuries of human progress, stands with gapping fissures that threaten collapse. You can not, if you would, divorce the handling of food from sentiment under present world conditions.

The answer to plaints at home is not to deliberately establish a subsidy from national revenues as a sop to stop all effort for better living conditions. The answer is not to use the enormous power of Government influence and resources to force on one food or another a price level that of itself might be discouraging to production—the production which is vital.

To think that an artificially depressed price for wheat would be decisive in reducing prices of other foods is, in my judgment, pure theory and not capable of demonstration. Nothing in our experience of the past two years confirms it. Wheat has been stable, without change, yet during that period, corn, rye and barley have fallen far, far below and risen far, far above the wheat level. On the contrary, could the old play of world-wide supply and demand be reinstated, wheat might easily soar to new heights because as food, it has a superior value and a value, under present conditions of desperate need, that may well give it a peculiar premium.

The Inter-Allied Scientific Food Commission, investigating the actual value of various foods, gives wheat the premier position in food content of all the cereals. When ocean transport is scarce and costly and the overseas need of great volume, this influence alone may cause wheat values to part company with all conceived relation with other foods.

A better education of our own people as to how to increase the per cent. of cereals and vegetables in their diet would save in a single year, at home, twice the value of our entire wheat crop. And it could be done without the sacrifice of palatability.

It has been calculated that the American people to day spend annually eighteen billion dollars in their food bill. That of this, cereals with 38 per cent. of the food value, cost only 16 per cent. of the total bill.

That bread, sugar, potatoes and fruits, furnishing 62 per cent. of the food value, cost 31 per cent. of the total expenditure.

The remainder of the diet—namely, meat, fish, eggs, milk, cheese, butter, lard, furnishing 38 per cent. of the food value—costs 69 per cent. of the food bill.

A change of 10 per cent. in these relations would save our domestic food expenditures by three billion dollars annually.

Why not help our people lower their living cost by better understanding and more accurate knowledge of food contents and food values? There is a fertile field here for our schools to till.

The normal and proper effort to make strong the natural advantages of American resources and American trade, must be tempered with some consideration of the tremendous human readjustment affected by it.

I believe that when the larger aspect of these international relations which have assumed a character of humanity itself are comprehended by you, that you are capable of sacrificing, if necessary, much as in the days of actual war.

The social structure is unstable abroad because the industries of these countries are idle and unemployment stalks in their cities. Scarce a country abroad that is not paying unemployment wages to its citizens for whom the destroyed economic life has no place, at present. Every hope for to-morrow lies in getting those men back to normal and orderly employment before they have lost the habit of honest industry. The readiest industry they have for that unemployment, because they have a market at the door of the mills themselves, is that of food conversion, such as milling.

There is written in this Wheat Act the following clause:

> " Provided, that as between the two articles mentioned, preference shall be given to the exportation of flour, except when the public interest would, in the judgment of the President, be injuriously affected thereby."

We may assume that, broadly speaking, our national interest directs the employment of our own people in manufacture at home. Would you like the responsibility of refusing the plea of these importing countries abroad, representing to us their own population idle and with the opportunity by employment in milling to establish the nucleus of orderly restoration? The influence in those communities of such beginnings of normal life again would reach far beyond those actually employed, be-

cause a heartening example of returning sanity. Would you like the responsibility of saying that it is in our own national interest to force on those people manufactured product, when they plead for raw grain, providing them food and also employment for their idle people?

This question may well be faced, for it will come, and when it comes if the decision does not accord with your views, I ask you to place yourself in my position and say what your own decision would be when you are convinced there is no misrepresentation in these most pathetic appeals.

Then there is the responsibility for decisions as to extension of credit. Would-be buyers convincing us of their dire needs, may perhaps not have the ready means of payment, and some decision must be reached as to the necessity of national aid in that form of credit.

The responsibility of such weighty decisions is oppressive, but some authority must make a decision. These decisions must comprise not only those which affect international relations, but also policies of domestic administration. In respect to all of them, as long as men are capable of thought and of conviction, there will be a divergence of views and a difference of conclusion.

I have a right to seek your counsel and that such counsel come to me without the influence of a shadow of self-interest, in view of the momentous character of these issues. Almost every organization represented here urged me to accept this office and addressed the President asking him to entrust this office in my hands. When you did that, you did it in confidence that the recommendations and the decisions which I must make would be at least honest and sincere, and I have a right to remind you that it is in that spirit and in that determination that I have underaken the burdens of this office. When these recommendations are made and these decisions taken, if they differ with your private views, I have a right to remind you that at least I and my advisors are sincere in those conclusions and have been painstaking in reaching them, and we have a right to your undivided support even when you differ.

I can not close without again putting special emphasis on your responsibility and your opportunity. You must, as honest men and good citizens, cast your eyes beyond the circle of your own particular environment. The weight of your advice, the weight of your expressions in contact with others, your trend of thought,

can not be un-influenced by the present culmination of five years of tragedy abroad.

War has brought to the surface as never before the big fundamental virtues of mankind—courage, resourcefulness, helpfulness, a willingness to sacrifice and to die if need be for the eternal ideals. Social justice, the preservation of fair and equal opportunity, the obligation of the fortunate towards those less-favored, individually and nationally never had so great a following as to-day.

America's responsibility and its leadership never were as clearly defined and recognized.

Fortunate in natural resources, fortunate in freedom from material damage by acts of war, controlling the credit of almost the entire world, its obligations are only equalled by its opportunities. Its military record has been glorious indeed. Its record now of economic assistance to a staggering world recovering from blows almost fatal, must be written in terms as glorious as its military aid. Its problem is not simple. A great influx of peoples of foreign ideals, seeking the wider opportunity and fairer treatment of America, has still to be assimilated. These people have no conception and no ideal of democratic self-control and democratic free government. Too many of them think all wealth is predatory and unjust. Too many of them think literacy is merely a means to a shrewder rascality. Too many of them feel poverty and ignorance are the only safe counsellors and trustworthy guides. Patience and education and the experience of fair and just laws, uniformly applied, will build them into our own citizenship.

I emphasize these facts because they must color the national decisions of policies to be made under the discretion of the Administrator of a Wheat Act that makes the Government itself the distributer of the world's primary food. I emphasize them to you because that distribution can be facilitated or obstructed by the sentiment in your own communities, and that sentiment influenced by your own conviction and expression.

Two years ago, and again a year ago, in meetings similar to this, I expressed the hope that when the war had been victoriously ended, the President of the United States, the Commander-in-Chief of the War Forces of the Great Democracy, would state that, of all the forces of the commercial army of America furthering the prosecution of the war, the Grain Trade of the United States has proved to be its very flower.

The war has been won. The President has expressed sincere commendation, but because of peculiar circumstances the Grain Trade must continue its war service for still another year. To accept that control and that sacrifice without resentment and opposition, one must get the conception of a world still dependent on America's aid, of the necessity and opportunity for America to be the "Big Brothers" of a distracted world, strong, resourceful, and generous.

DISCUSSION

The SECRETARY—Will the representatives please sign this card of representation, and hand it to the ushers for our regular record. Copies of Mr. Barnes' address will also be distributed to the representatives here present.

The CHAIRMAN—I think during this, gentlemen, you may relax, but I am very anxious to get this record of all the attendants, please, if you will all be careful to do it.

The programmes which have been passed to you, I would like to have it clearly understood, are only suggestive, and not in any manner restrictive. The delegates here are perfectly free to bring up any matter pertinent at all, in its relation to the coming Wheat Administration, and I desire the freest possible discussion of every phase of it that may be brought up.

I think you might clear the air a little, and shorten perhaps these discussions, if I give you a short statement of various fundamental facts regarding the authority of the Wheat Director, and the authority of the Food Administration still in effect.

The Food Administration Act will only terminate when the existing state of war between the United States and Germany shall have terminated, and the fact and date of such termination shall be ascertained and proclaimed by the President and until that time, the statute is in full effect, except as powers delegated by that statute the original Food Administration authority may be transferred by Executive Order to the Wheat Administrator. There is in contemplation the transfer of certain authorities, particularly as to cereals control, covered in the Food Administration Act, which will be delegated to the Wheat Director, probably taking effect the first of July. As long as that Act is in effect and until such transfer or termination is made and publicly announced, the licenses of the Food Administration are in force. The regulations of the Act itself, and the regulations of the

Food Administration, issued under the authority of that act, are effective until publicly terminated or modified. The authority of the Wheat Director, on the other hand, by virtue of the new Act, relates only to wheat and wheat products.

You will recollect that the Food Control Act covers all food necessaries, so that with the termination of the Food Control Act, the authority of the Food Administrator to control, in the case, for instance, of barley, or rye, or corn, terminates, and the Wheat Director does not have authority in those respects.

The control over Exchange trading is continued in the new Act, so that future trading is under the direction of the Food Administrator or the Wheat Director. The license authority, in respect to wheat and wheat products, is carried in the new act, and it is proposed to license many of the trades; in fact, the authority of the new act is very much broader in respect to licensed trades, for instance, retailers.

These facts will be brought out under the heading of licenses in the discussions. There is delegated to the Wheat Director the control over import and export embargo, in relation to wheat and wheat products, and it is proposed to exercise that authority, much as the War Trade Board have in the past. The main purpose of this proceeding is to discuss the practicability and the details, if approved, of the method of making the Wheat Administration effective, through the construction of a great machine, by contract, individual contract, rather than attempting to do it by licensed control.

The licensed control and the authority of the act runs concurrently, but it is highly desired by the Wheat Director that if possible the substitution of a voluntary contract make the effective result.

In order that the security of those contracts may be increased, in order that we may have the means to reflect any credit sales, if necessary, we have the authority of the President to increase the capital stock of the Grain Corporation to $500,000,000, and it is proposed to take that action before the first of July, and at the same time, probably effective July 1st, to operate thereafter the same corporation, with a change of name, under the name of United States Grain Corporation, with a capital of $500,000,000.

The reason I have made this explanation is because I think there has been a little confusion as to the authority of the Wheat Director in these respects, and I think it well to get clearly in mind in your discussion and your comment, the limitations of

both the Food Administrator, and when they expire, and the limitations of the Wheat Director, covered by the recent Act.

I would again emphasize that there are a great many of you here that I do not know, and the stenographers know very few of you, and I will ask each of you, in rising, to give your name, please, even though it seems repetition.

The program, as suggested, was framed with the idea of probably leading most naturally to the development of the subjects, up to the final consideration of the trade agreements, which will probably develop more discussion than any other one feature. As fas as possible, I would like the discussion to follow the lines of the program, because I believe that will prove to be the greatest saver of time, but you are free, as I say, to discuss under any head a matter which is pertinent at that time.

If you will permit me to lead you just a little at first, under the matter of licenses, we propose to issue those from Washington. We propose that they shall, in respect to each application, have the approval of the Vice-President in charge of the zone where the application originates. We propose to use a measurable discretion in who shall hold licenses. We have a suggested Presidential Proclamation, ready to issue, in which there are certain exemptions, and on those exemptions I should like your own comment and opinion.

For instance, we are proposing to license all mills and manufacturing plants of any size, without any exemption for the smaller ones. Is there any comment on that? Is there a representative of the smaller mills who feels that they should be exempted? I would like to have his opinion on the record.

Mr. BELL—I believe that they are satisfied.

The CHAIRMAN—We may pass that, then. There is no intention at present of licensing retailers. The Act itself exempts farmers and co-operative associations in respect to the products of their own land. They are necessarily exempted. We propose to exempt bakers and manufacturers of bakery products, whose consumption throughout, in the aggregate, is less than one hundred barrels per month.

What is your view on that measure of exemption?

Mr. BELL—Do I understand, Mr. Barnes, that the exemption of retailers who buy only a hundred barrels a month shall preclude them from participation in indemnity?

The CHAIRMAN—No; our idea of the contract is that we will exclude those, but that the obligations assumed by the contract are such that for the smaller dealers it probably will not be attractive, but they are open for acceptance.

Mr. BELL—Our thought is that all parties who are entitled to receive indemnity should be licensed. There are certain definite limitations that the indemnity provides for in the act.

The CHAIRMAN—Well, are you applying that particularly as to the baking trade now under discussion?

Mr. BELL—No; applying it to all. I believe the act says, to retailers, in carload lots.

The CHAIRMAN—Well, we do not interpret the act as preventing us from executing that contract with retailers who buy any less than carload lots, if they desire.

Mr. BELL—I see that answers the question as I wanted to know it. It seems as if it would have to apply to all.

The CHAIRMAN—Well, all wheat dealers are required to have a license—all wheat flour mills of every size required to have a license. The exemption we now have under consideration is for bakers consuming less than one hundred barrels per month. On that particular issue, have you a feeling that they should be licensed, too, even the smaller bakers?

Mr. BELL—Only in so far as any relation we might have by reason of this indemnity. It would depend largely upon the basis at which that indemnity was applied. It is rather difficult to determine on that, until you see to what extent the indemnification works out. No thought to complicate the matter at all, but merely as it bears a relationship to the operation of the matter, in the application of his indemnity.

The CHAIRMAN—Have you in mind, right now, any particular feature in which the execution of the contract by a baker under one hundred barrels per month consumption should be supplemented by a like control as well?

Mr. BELL—I think that is a question you can answer, Mr. Chairman, in your relation with him, and in the establishment of what contractual relationship we should have under such an indemnity.

Mr. SALYARDS—Do I understand from the remark just now that you contemplate licensing the entire commission trade —you call them grain dealers, do you?

The CHAIRMAN—Yes.

Mr. SALYARDS—Do you mean also that we will be required to make the usual run of reports that we went through last year?

The CHAIRMAN—Perhaps I can clarify that a little by this statement: The only license regulations that we conceive now are necessary to apply to all licensees are these, and our present proposal is to incorporate them in the license itself, so that they show, instead of being covered by additional regulations.

In all of these statements I do not want to be understood as building a dam to the extension of license control, if we find it ineffective without. But we conceive that with the particular conditions in the business community existing now, and under these contracts, that only these license regulations will be necessary.

That the licensee shall furnish such reports as we may wish in that respect at the moment, certainly as to the country dealer, and of course the flour miller, there may be no report required.

We have no present definite intention of prescribing any profit limitation. We feel that fair business sense and competition itself will probably run the trade through the year without abuse.

That every licensee shall place on his contract and other documents his license number. That is perfectly reasonable.

That the licensee shall not knowingly deal with anyone that is not a licensee, who should properly hold a license, and that the licensee shall not store wheat or flour at any seaport more than thirty days, which applies to only a small part of the trade.

I think those license regulations are practically all that are contemplated.

Is there a member of the Bakers' Committee who could give us an opinion about this exemption?

Mr. WARD—The bakers are of the opinion that all bakers should be licensed, that true reflection may be uniform. The bakers should be under the same uniform control.

The CHAIRMAN—Now, Mr. Ward, referring to your suggestion, will you state why there were licensed bakers who used three barrels or over per month? I think, of the bakers, there were 33,000 licensees. Of that we estimated that probably some twenty-five thousand or thirty thousand were under the one hundred barrel limit. Have you carefully considered this

enough to make that a definite recommendation? Do you feel that they are not sufficiently covered?

Mr. WARD—The smaller bakers of the country are exceedingly anxious that they shall get the protection and indemnification provided in the contracts. If they are to get that without the license, that is satisfactory.

The CHAIRMAN—I see.

Mr. WARD—That is the idea.

Mr. KRAMER—We have had considerable discussion on this subject after the preliminary conference, and in our talk I made the suggestion that was made at that time, that it would be left optional to the small man, the retailer, whether or not he would come under the provision of this contract and enter into it. This idea seemed to be in general favor. They were all very much pleased with it, to have it optional with them, either to enter or to remain out of the fold. If that is carried out, personally I think it would please the retailers the best, if it can be done without any injustice or any injury to any bakers.

Mr. LYMAN—I have been asked to say that the producers should get together immediately following this session on this side of the room for the purpose of getting acquainted and making certain arrangements.

The CHAIRMAN—Did you all hear that request? That representatives of the producers should meet on my left hand at the close of this session.

Is there any objection on the part of anyone, then, to the feeling we get from this discussion of this subject, that the exemptions we propose, as long as the contracts are left open for individual acceptance as we propose to leave them, that the exemptions we propose for all retailers and for all bakers under one hundred barrels monthly, be required to have licenses, and all grain dealers and all millers of every size, and all flour jobbers, is approved? Is there any objection to that interpretation which we put upon this discussion?

Mr. BELL—No objection on the part of the millers, provided the relationship of their contracts with such parties, are defined in the agreement.

The CHAIRMAN—That is a material reservation, is it not?

Mr. BELL—No, I think not. You are somewhat familiar with the proposal that we have, and the amount of unsold flour

to be reported for indemnity. Unless those parties take advantage of the indemnity, they would be placed at such a disadvantage as to price that it would be very difficult for them to accept such price, as the Grain Corporation would not be responsible for the validity of a miller's contract, having paid the guaranteed price for his wheat, and not receiving any indemnity thereon, his position would be rather embarrassing. I think the matter can be very easily covered, if we enter into a discussion here.

The CHAIRMAN—Yes, but let me clear the air and see if we are right. These contracts are offered to the trade, the flour jobbers and the bakers. They may or may not accept them. As a miller, you are dealing with perhaps a baker or a jobber who has or has not such a contract. How can we provide that he shall hold a contract?

Mr. BELL—That is quite a question, of how the indemnity would apply to the miller on the wheat represented in such contracts.

The CHAIRMAN—Well, if it is a sale under any condition, do you conceive you will open the question of indemnifying the millers' sales?

Mr. BELL—It will be largely how we will have to report such sales.

The CHAIRMAN—Well, we will let that develop, then, when we come to the subject of contracts.

Mr. BELL—I think so.

Mr. WARD—Mr. Barnes, do you wish the bakers to approach that matter at the time that we come to the consideration of the trade agreement?

The CHAIRMAN—Yes.

Mr. PAINE—Mr. Chairman, what determines a retailer, the character of his business, the volume of his business or the amount of his purchases?

The CHAIRMAN—I was trying to think just where that might come into practical application here. Mr. Shattuck suggested the proper definition is some one who sells not to another retailer, but to the ultimate consumer.

Mr. PAINE—And there are some retailers that purchase in extremely large quantities, a chain of stores, for instance, and I don't know whether you would term them as flour jobbers or

retailers. In other words, is it a matter of the dealers' purchases, the character of his business or his volume, that determines his status?

The CHAIRMAN—Well, my own conception is, until I see a clearer reason to differ on it, that the man you mention as typical would have a right to execute the flour jobbers' contract with us, regardless of whether he was under license or not. We have made no attempt to tie a license on as an essential part of these contracts. So that the retailer may be left as a retailer out of license control, but may execute that contract with us. We may later have to put him under license control if the reason develops.

Gentlemen, it is five minutes of one. The next subject on the program will lead perhaps to some extended discussion. I suggest that we adjourn until 2:30 in this room. Thank you.

(Recess until 2:30 P. M.)

AFTERNOON SESSION, JUNE 10, 1919.

(2:30 P. M.)

The CHAIRMAN—Gentlemen, when we adjourned before lunch, we were discussing the phases of license regulation, and that subject is now open, if you have anything to add to it; if not, I would like to develop your sentiment and comment on the suggestion on the addition of premiums to the terminal prices, such premiums being justified as a measure of insurance for storage allowed to farmers, dealers, mills, and everyone along the line of wheat flow.

We have had a number of suggestions received at our office, including the resolutions of various bodies. Their recommendations have ranged so far from an allowance of one cent per month to three cents per month. I think it is realized that the extent of that premium would be an appreciable factor in governing the flow of wheat from the farms. I think some of the producer organizers, perhaps, who have favored a high premium allowance, as a measure of reimbursement to the farmer, have failed to take into consideration one very essential feature, and that is, that we must market this year, in eleven months, probably the largest wheat crop we ever grew, and that if there is a price structure framed, or an allowance made, that induces the holding back of normal marketing on the farm, we may find such a congestion at the end of the crop year that all pro-

ducers will not have an opportunity to market their crop, before our authority expires on June 1st, 1920.

I think that is a very serious situation which the producers would do well to carry back to the individual producers, for it is our desire, if we can so gauge it, to take care of the flow as fast as the producer can market it, with the end that the producer shall, at the close of the crop year, have had an opportunity to market his crop entirely, if it is possible.

Now, gentlemen, I would like to develop your comment on this general thought, as to the wisdom of such a premium, the extent of it, when it should be put into effect, and when discontinued, and your opinion as to the effect of that on farm marketing, particularly the feature I have just developed.

The meeting is open.

Mr. SALYARDS—Mr. Chairman, the Duluth Board of Trade would like to go on the record as endorsing the policy of paying a certain amount—you might call it storage or reimbursement to farmers, for carrying grain, as well as storage to elevator men. We have gone over the matter with dealers and others, farmers of the northwest, and arrived at what we thought would be a fair basis to the farmer, at least paying him interest on the money for holding the grain. At the same time, if the same rate was applicable, both to the farmer and the elevator man, that you would not encourage the elevator man to hold back grain. Our idea is one-half cent per bushel for each ten days, and we simply submit that as an endorsement of that policy that has been referred to, or recommended.

But as to the date when the rate would take effect, the question in our mind is as to whether it is not advisable to give the medicine to the patient before he gets sick. That is, I mean whether it ought to be announced and paid to the farmer, producers and elevator men, before the congestion is really upon us. I have found as my little experience in the northwest, when we have gotten into a congestion, the question was in getting out, and whether or not we should—as a suggestion to you only—whether the rate to apply, would be sent to the country, in advance, so they might know. Our idea is that would tend to prevent a congestion.

The CHAIRMAN—That is, it is your suggestion that the step be made each ten days anyway?

Mr. SALYARDS—Yes, sir.

The CHAIRMAN—And you suggest one-half cent.

Mr. SALYARDS—Yes, sir.

The CHAIRMAN—Is your feeling that such a charge could be paid, without public announcement? Don't you think, in all fairness, everybody should know it?

Mr. SALYARDS—My idea is that everybody should know it.

The CHAIRMAN—In your own mind, what date do you fix as propor to commence such a premium?

Mr. SALYARDS—Beg your pardon?

The CHAIRMAN—In your own mind, what date would you fix as the date to commence paying a premium?

Mr. SALYARDS—Of course, I can only talk for the northwest, and our congestion is liable to come on there, with the crop in sight right now, at least by the first of October. It depends a good deal, of course, on how lively the boats can move the grain, but it seems to me that the producer and the farmer ought to have an assurance of a certain amount, plus one-half of one cent a bushel, at least by the 1st of October, up to the close of navigation.

Mr. MYERS—Mr. Barnes, I want to inquire whether it is the intention that the advance shall apply to producers of grain, the same as to handlers of grain?

The CHAIRMAN—The intent of the contract price with the grain dealer is that at all times he shall reflect to the producer, a fair relation of the terminal price, and as the terminal price advances, his price to the producer necessarily advances accordingly.

Mr. MYERS—During the dinner hour there was an impromptu meeting of men here, representing the producers, I think, generally, of the country. They spent some time discussing this very question. The report of the National Council of Farmers Co-operative Association was given to the effect that they had canvassed this at their meeting, within the month, in Omaha, and had asked for an advance of one cent every fifteen days, beginning July 1st and ending February 1st.

Other representatives of farmers' organizations, including county agents, had canvassed the matter, and the general consensus of opinion was that it would cost two cents a bushel a month to carry the grain, without profit, and that perhaps, at

the discretion of the administration, that advance could be made either the first of the month or every ten days, as has been suggested by the gentleman from Duluth.

This is the resolution which was passed, if you care to have it read.

The CHAIRMAN—If you please.

Mr. MYERS—"Whereas, the recognized carrying charge"—and that statement was made on the assumption that that was the carrying charge allowed previously by the administration—"Whereas, the recognized carrying charge on wheat at $2.26 per bushel, Chicago, is two cents per bushel per month;

"And Whereas, there will be a great terminal congestion, calling for the enforcement of embargoes, and a permit system, unless the Grain Corporation provide an adequate carrying charge for grain owners;

"Therefore, be it and it hereby is, resolved that a carrying charge of two cents per bushel per month be added to the grain price, and same be paid to all owners of wheat, including producers for each month beginning July 1st, 1919, and ending February 1st, 1920."

That is the sentiment of the producers.

The CHAIRMAN—Is it your feeling, may I ask, that two cents a month would induce any producer himself to hold back grain he might otherwise market?

Mr. MYERS—There might be occasional experiences of that sort, but it was felt that it is too late already for the farmers to provide storage, and that the two cents a month is not sufficient inducement for them to provide storage.

Mr. Farlow, for instance, representing the Farmers' Grain Dealers' Association of Illinois, has figured that it costs $1.92 to carry per month, and that the general impression of our body was that it would not be sufficient to induce them to carry.

Mr. LYMAN—I am Secretary of the National Board of Farm Organizations. I think it will be well for me to add to what Mr. Myers has said, to give an idea of the organizations I represent in supporting this resolution. I am here to-day, not as a representative of the National Board of Farm Organizations. Mr. William T. Creasy, of Pennsylvania, is acting as our representative, but I do come as the representative of the National Farmers' Union, which is organized in twenty-five

States, and this resolution is absolutely in line with the resolution which they passed at their annual meeting at Denver, a short time ago, and I know it will meet with the approval and the support of the farmers and the Farmers' Union, with a membership of over half a million.

Mr. OWEN—Mr. Barnes, I would just like to get your opinion as to the possible price of wheat at the end of this 1919 crop—what it might be (Laughter).

Here is the point that we may have to face: It might be that it will become evident that the farmers can make more money by holding their wheat, and will keep it off the market after the expiration of this guarantee, so that the danger that you pointed out of their holding their wheat off the market, and not getting the guarantee, may, after all, be imaginary. It might work around so that it would be advantageous for them to hold their wheat off the market, especially, as you showed this morning, the very even balance between our probable crop and the demands upon it.

Now, I don't know whether that has any bearing here, but it is one that I think the producers should weigh very carefully when deciding on their compensation for storing wheat.

The CHAIRMAN—Well, I think there is a broad question there, Mr. Owen. I do not concede that Congress could pass this legislation to make it effective, to give the producer a mere put and call during the eleven months, and speculate for a higher price, if conditions develop during that eleven months to make such a thing on the part of the producer possible. That condition might be incidental in the authority, but to deliberately frame the administration of this act, so he was to secure at all times, even to the replacement of his expenses, where he used the put to fall back on and speculate for a better price, would be carrying it too far.

Mr. MYERS—Mr. Shorthill just reminded me that perhaps I did not make it entirely clear. I thought I did, that it was the sentiment of our body here that the corporation should reserve the power to withdraw temporarily or entirely, the guarantee, if such be necessary, to move the grain.

The CHAIRMAN—I see.

Mr. GOODRICH—At a meeting yesterday, in this city, of the Winter Wheat Country Grain Dealers from ten States, we

decided to recommend that a charge or advance price of not less than one-half cent each ten days be added to the price, to induce holding back the wheat in the country, and we would recommend that the president of the Wheat Corporation have the right to eliminate that charge at any time the wheat backed up in the country, and did not flow to the market as it should.

Now, in the States of Indiana, Ohio and Michigan, we believe that that will hold back quite a lot of wheat. I think in Indiana, if we raised 65 millions, it will hold back 30 millions of it until after the 1st of January. It has been doing that. The farmers have been speculating on it for years in about that proportion. About 50 per cent. of the wheat did not move to market until around January 1st, but we think it would be very unwise not to give the corporation the power to eliminate this charge at any time, so as to bring the wheat on to the market. Pardon me. I want to say that we want to reflect back to the country, to the producer of the wheat.

Mr. CREASY—I would like to say, on behalf of the National Board of Farmers—I am chairman of the executive committee—that represent a number of farming organizations of this country —that we have inquired from a number of our members and they somewhat differ as to the advance charge that should be made. Some favor one-half cent every ten days, and some favor a cent every fifteen days, but in regard to this wheat being dumped on the market at one time, there is one thing to be taken into consideration. I am a farmer. have been a farmer all my lifetime, and I know pretty well the condition of many farmers in this country, and I believe I am not over-stating the fact when I say that practically one-half the farmers of this country must have money as soon as they can get their wheat threshed. Now, there is some inducement for some of them to hold this wheat, providing there is some advance made for that purpose. Now, I think that if the advance was made, beginning whatever time the Grain Director thinks, and terminate it at a certain date—I believe that you will find that there will be enough wheat on the market—as much wheat as you can take care of, and the one-half cent—make it one-half cent every ten days, that will not be a sufficient incentive for people to hold wheat that want to sell it, or need the money, but I believe it will be a sufficient incentive for a lot of people to hold wheat that can afford to hold it, and from our Western States, notably Kansas and Nebraska, they tell me they are short of storage, so some-

body will have to hold some wheat, and in regard to the amount of the wheat at the end of the eleven months, or previous to that, I have never seen two great wheat crops following each other. All of my study on the wheat business, or other crops, is that having such enormous crop this year, that the probabilities are next year we will probably have a short crop. I think this country is entirely too short in its holdings of wheat. A great nation like this certainly ought to have more than a few million bushels of wheat on hand.

Therefore, I think that can be liquidated along the line as we get to it, but the fact that we want somebody to hold wheat in storage, I think can be fixed up and remedied by paying this advance to the farmer, whatever is fair and reasonable.

Mr. GOODRICH—We feel that this advance in the price should start not later than August 1st.

The CHAIRMAN—You quite recognize or feel that no advance should be put in, applicable to one market or certain markets, that did not extend across the whole range of markets.

Mr. GOODRICH—Oh, certainly.

Mr. SEARLE—Mr. Chairman, it seems to me that when the price was guaranteed by Congress, it was for the purpose, not only of stimulating the production of grain, but also to stimulate the movement of it; to encourage the marketing of the grain by the farmer. Congress probably did not contemplate that any premium was going to be paid to the farmer, or to anyone for holding back the crop.

When we might have a normal flow of grain from the farmer and dealer at the terminal, it hardly seems reasonable to ask that part of the billion dollars appropriated, should be used for encouraging a holding back of grain. I do believe that when the normal general movement is obstructed, as it will be some time during the fall, that the farmer, as well as the elevator operator and country buyer should be reimbursed to a moderate extent for their cost in holding it back. It does not seem to me to be wise to adopt a plan, under which a fixed advance might be determined upon, beginning with the early movement of the crop, when wheat might be required to supply our former allies, but I do think it fair to leave it to the discretion of the wheat director, to say when the time had arrived for a charge—a carrying charge to be allowed, both to

the country handler and to the producer. That would be, I assume, a time when the flow had been sufficient so that the channels of movement were blocked, and it was impossible for the farmer or anyone else to move or market their crop, but as soon as the flow should be again open, then I think that restriction should be removed, so that there be no incentive for holding the crop back.

The CHAIRMAN—Mr. Searle, let me develop your thought a little further: having once put in these advancing premiums, you do not concede we would ever drop back below the last advance?

Mr. SEARLE—No, that would become the current price in effect.

Mr. THOMPSON—Speaking for the Illinois Agricultural Association, and the Iowa Association Federation Farm Bureau, I rise to support the resolution offered by Mr. Myers. I wish to say, just in that connection, that we believe that for Southern Illinois especially, July 1st would not be too early a date to start the advance, and I would like to further say that the farmers of Illinois and Iowa are ready to push this wheat to market, just as fast as the Food Administration or the Grain Corporation desire it. We feel, however, that there is bound to be congestion, which will cause holding in the country, and it will relieve the Grain Corporation, especially during the early shipping season. We believe that two cents per bushel per month advance would tend to hold some of it in the country. I hardly think as much as in Indiana, for the reason that Illinois does not grow normally, nor Iowa, the crop that Indiana grows. Under the urging of the Government, they have this year increased the acreage, and we hope to increase yield. We find that we do not have a great amount of storage capacity. Still, if it would relieve the situation some, the farmers could provide storage on their farms, and I believe that the amount specified in the resolution would induce those farmers to store, and I believe that you would find they are ready to put it into the market as fast as you could take care of it, not holding it for the advance of two cents, which would just about pay them for the providing of storage—for equipping such storage as they have, so it can hold wheat.

The CHAIRMAN—Is it your idea something like two cents a month would not check the wheat movement, so that all facilities would be used?

Mr. THOMPSON—All terminal facilities and shipping facilities—we are not very optimistic relative to the car situation in our State just at present. I hope that may be dissipated before the meeting is over here.

The CHAIRMAN—I think, without exception, most of these gentlemen who favor an advance in premiums, have also favored allowing some discretion as to when that goes on and when it comes off, to the Wheat Director. How do you feel about it? Should it be covered by any advance pronouncement, thirty days, sixty days, four months, what?

Mr. GOODRICH—I think it is the consensus of our meeting that it should be absolutely left to you, Mr. Barnes, how long it should stay on.

The CHAIRMAN—If we should announce a premium, to take effect on some given date—if we said at that time that it would continue for thirty days, with an additional pronouncement, whether to discontinue or should further continue than the thirty days, would that be a practical suggestion?

Mr. GOODRICH—I think so.

Mr. TAYLOR—Mr. Chairman, I represent the Indiana Farmers' Association, and on behalf of those men I want to endorse all that Mr. Thompson has just said with reference to this wheat situation.

Mr. LEMON—Mr. Chairman, I am representing the Indiana Millers' Association, but I have not been instructed at any meeting of the association. I am satisfied it is the desire of the millers, from personal conversation, that a carrying charge should be allowed the farmer for additional service. I agree with Mr. Goodrich about August 1st, possible one-half cent every ten days, and a stated period for the announcement should be given.

Mr. FARLOW—I represent the Farmers and Grain Dealers' Association of Illinois, representing about four hundred co-operative companies, and about forty thousand farmers. I want to endorse the resolution which was read by Mr. Myers, and I believe that the price should be $2.26 the first of July,

and an advance of one cent the middle of July, and continue from that time.

Mr. OWEN—Mr. Chairman, I just have some concrete figures here: assuming that a farmer has no storage capacity, and a great many of them in our country have not, a thousand-bushel galvanized grain tank, delivered and put up on the farm, will average in the northwest about $190. Now, if he makes an expenditure of $190 to hold a thousand bushels of wheat off the market, on which he gets two cents a month, he will of course get—that figures up 14 cents a bushel. He gets $140 and will be $50 out of pocket. I will grant he will have a grain tank for future use, but a great many of them won't need it after this particular crisis is over, so I think that two cents a month should be the minimum.

Mr. BELL—As far as the milling end is concerned, I believe that it is to the advantage of the producer, grain man, miller and consumer, and also acceptable to the Grain Corporation as the Federal agency that this progressive charge should be established. One of the functions of the Grain Corporation is to maintain and control the flow of wheat to the mills, commensurate with consumption. That operates normally through the establishment of a commensurate charge to hold that grain. Of course, if this situation, our whole situation, is as well balanced as was indicated this morning, that balance must be maintained. The power must rest in the hands of the wheat men who control that flow to realize the full advantage of the situation. To commit the wheat director to a definite policy at this time is rather difficult, since we are close to the crop and we have not realized it yet.

We do, however, need some means to maintain the grain on the farms, available for milling purposes. As regards the source of production, large fields of production are somewhat removed from the large centers of consumption.

The CHAIRMAN—Just a little louder, please. These gentlemen here cannot hear you.

Mr. BELL—All right. As to when that grain charge should apply and when it should be removed, that must necessarily rest in the discretion of the Wheat Director. This matter is of very vast importance to the many small mills throughout the country, and I am going to ask Mr. Bransford, who represents many of these small mills, to speak in regard to it.

Mr. BRANSFORD—Mr. Chairman and gentlemen of the convention, after the able address of the Chairman this morning, and in my humble judgment this historic city has not heard a more capable and instructive one in ten years, I approach this subject with a good deal of trepidation. We are here representing various interests, and we want to work out a program that will inure to the benefit not only of the miller, grain dealer, the flour buyer, but the consumer as well as the farmer.

To do this we have got to approach the subject not only in a dispassionate way, but in an unselfish way, and try to work out a plan that will be beneficial to all, and aid the government in carrying this enormous crop of wheat without the loss of a dollar, if it is possible.

The smaller dealer has given this matter a great deal of thought. He is nearer to the farmer, the producer, than anyone. The fact of the business is, gentlemen, his interest and the interest of the farmer are reciprocal, and he knews pretty well what the farmer suffers and what is necessary to get him to act and to act in a way that will conform to the interest of the government and of himself.

Now, at our meeting in Louisville some three weeks ago, this matter was threshed out at length, and we came in contact not only with a great many small millers but a great many producers of wheat, and they contend that they cannot hold the wheat for less than two cents a bushel, and a great many of them thought for not less than three. Why? Because at the present price it takes a cent a bushel to pay the interest on their money, and leave another cent to pay the cost of handling, storage and demurrage, and, gentlemen, the farmer has all three to contend with.

Now, we believe, gentlemen, to make that a progressive price without regard to removing it at any future time—but of course with the understanding that the Food Administration has the right to remove it whenever they see fit—starting we thought with the first of August, although some gentlemen have suggested the first of July, and that would be perfectly agreeable to us—make that price progressive through the season. You are not going to keep back near as much wheat on the farm as you think you are. I know last year we raised in Kentucky one of the biggest crops that we have raised in years, and in order to hold this wheat back on the farms, I offered a number of farmers two cents a bushel per month for just as long as

they would hold it back, and I want to tell you gentlemen that not one out of ten held it back.

The farmer as a class needs his money and needs it when his crop is ready, and it is only the farmer that has sufficient funds at his command that is going to hold his wheat back. To offer him any smaller inducement than two cents a bushel I do not believe will have any effect in holding the wheat back off the market.

If I can see things right, it is going to tax the elevators and the railroads and the ships to move this crop; for in our state alone we are looking for fifteen million bushels of wheat, which is nearly double what we have raised in any year for the last five years, and the normal crop of Kentucky is somewhere around eight or nine million bushels.

Take it in my own county alone, we will produce probably half a million bushels of wheat this year, something like double what we have produced any time with one exception in the last twenty years. As I said before, the Grain Corporation or the Wheat Director, reserving the right to remove this price at any time, puts him in an attitude to regulate the flow of wheat in the event in his wisdom he thinks it is necessary. I hope, gentlemen, you will vote for two cents per bushel carrying charge to the farmer. Let that carrying charge start the first of July, continuing through the season.

Mr. MEISCH—Mr. Chairman, I am a representative of the National Council. I want to endorse what these gentlemen have said from the different states, belonging to the association, the National Council. I believe that we should have not less than two cents guaranty. I come from the state that raises considerable wheat, and our sister state, North Dakota, raises considerable wheat.

The farmers in our locality, in our states, are very anxious to market their grain, but they are up against a condition that is very peculiar.

They do not have storage capacity. Naturally our markets are always glutted. We have had considerable trouble, but I believe if we get this two cents, or at least two cents, carrying charge, we can work out a system to kind of regulate the market price. I believe that is the only feasible plan and I want to O. K. what these gentlemen have said.

The CHAIRMAN—Is there anybody here who feels like saying anything more?

Mr. HOLMAN—I am not quite clear, speaking for our organization, as to what the last gentleman had in mind, the man representing the small mills, when he said continue it throughout the season. Now, whatever that means—our thought was that the shrinkage was pretty well out by the first of February, and that the wheat ought not to be marketed at that time. They ought not to run up too close to the next crop with a continuous advance; it ought to start the first of July and be cut off the beginning of February. That was our resolution, of our National Counsel.

The CHAIRMAN—That is the way you recommend it?

Mr. HOLMAN—Yes; I wanted to speak to that point and try to clear the atmosphere on it, if possible, so that there may be a definite understanding.

Mr. BRANSFORD—Mr. Chairman and Gentlemen, let me interrupt you. My idea was this: When the farmer gets busy with his spring work in February and March, he is not going to stop to haul his wheat, and if he has got something to help him out, by holding it until March and April, when he has got his first work through with—if he has some inducement to hold it he will hold it back and not let a lot of this wheat come out and glut the market. You will get plenty of wheat to fill your elevators and run your mills, in my opinion. Then it will give the farmer, who is willing to hold back, while during his busy period of February and March, and say about the first of April, March or April, to bring in what he has got left.

The CHAIRMAN—You have all got a picture of what I consider to be——

Mr. BRANSFORD—I meant throughout the season—I mean stop this flow or this price, say, about the first of May.

The CHAIRMAN—I think in your recommendations you should keep in mind all the time that Congress evidently said June 1st as the last effective buying date, with the idea that that protected the guaranty against any wheat of the following crop, and also gave a sufficient time so that the producer of this crop had had a fair opportunity to market. I can hardly conceive any practical steps could be taken or would be authorized to protect any wheat held over by June next by the farmer. It is a serious consideration when we come to contemplate possibly coaxing the farmer to take a chance.

Mr. THOMPSON—Mr. Chairman, in view of that point that you made at the opening of this afternoon's meeting, that there was a liability to congestion if too much inducement were offered, congestion at the very close, or right around May 31st—I believe I would still speak in favor of the date specified in the motion, which I believe was February 1st, which would guarantee a carrying charge up to that time, after which, if he is going to get rid of it by May 31st, he had better get busy himself.

The CHAIRMAN—What would happen if there was no carrying charge added at all on this crop?

Mr. BRANSFORD—My opinion, Mr. Chairman, is that we would be snowed under.

Mr. THOMPSON—Mr. Chairman, we hate to contemplate what would happen.

The CHAIRMAN—That is, you all feel convinced there would be a rush to early market?

Mr. THOMPSON—Yes, sir.

Mr. OWEN—Mr. Chairman, I think that the rush to early market would be largely determined by what happens to the spring crop between now and harvest. If it became evident that we were going to be short a hundred and fifty million bushels I do not believe you would have that rush, carrying charge or no carrying charge; but as I understand it, we have got to decide on this carrying charge pretty soon in order to take care of the winter wheat situation, and of course we have not got our winter wheat all harvested yet.

The CHAIRMAN—There is one thing about Mr. Owen, I always know where to find you on that. He never gets discouraged about the value of wheat.

Mr. HERBERT—Mr. Chairman, every interest seems to be well represented here—the producer and miller and all—except the consumer. I am wholesale grocery man, and we stand between the miller and producer on one side and the consumer and the retail merchant on the other side. I tell you, gentlemen, every cent a bushel, every cent you add to wheat, adds a little bit more to the consumer. I think we better go mighty careful about adding too much carrying charges. (Applause.)

Mr. GOODRICH—The question you asked a minute ago, as to what would happen if we don't have any carrying charge to hold this wheat back in the country, I conceive of a very serious

proposition to grain dealers in the corn, oats and barley states, where all these products are raised. We would simply be swamped with wheat and not be in a position to take care of the other grain. I think it is absolutely necessary to take some means to hold this back to meet demands.

Mr. McCLURE—Mr. Chairman, if the premium should be continuedly paid on wheat for the first sixty days, I am not so sure that that would hold the wheat back even though we did not have that extra carrying charge; and if the conditions still exist, as we heard in the address this morning, the premiums would continue the carrying charge would not be thought so much of, and they would still hold the wheat.

Mr. OWEN—Mr. President, I would just like to ask one question, and that is this: When this glut of the wheat market starts, if the producer cannot get his $2.26 per bushel for his wheat, what will he do with it? He won't sell it for less, and therefore he will be compelled to hold it until he gets his $2.26 a bushel, whether he gets the carrying charges or not.

Mr. ————————. I will say what happened before this in the adjoining state of West Virginia. They sold at $2.80. There are a couple of things to keep in mind, and that is that one-half of the farmers must have money, or they are going to sell. If there is no regulation about, when they start the price making, it will be going down and a lot of these farmers won't get two dollars a bushel for wheat, if there is no way of holding it back. This gentleman wants to know where the consumer comes in. I want to tell him where he got in last year. We had that condition last year to a certain extent and we shoved the wheat off and did not save it, and this spring we were up to $2.70, I think, in some sections at least, and the price of the flour was raised a great deal more than if the price of wheat had been kept at a normal figure all the way through. I think the consumer got the worst of the bargain in this case, and I think if this is regulated by paying a reasonable storage charge the consumer will fare a great deal better than if we let the thing go, because we do not know what the next year's crop will be. It may be a short crop, because one thing is certain, and that is that the farmers of this country cannot put out so large a wheat crop as they did last year. That is, I think, pretty certain. It is going to produce another grain shortage. You have got to look ahead. We cannot fix it altogether by the consumer thinking he is paying too much, where, if it was regulated, he would have a reasonable price all the way through.

Mr. OWEN—Judging by the way our friend behind me had his remarks received, we must have a great many consumers here, and I just want to tell them a little something. The consumer got his inning, the consumer has had his inning all through the war or ever since 1917. The day before, or 24 hours before the wheat price was set in the fall of 1917, wheat was being sold from the farmers' wagons in Devil's Lake for $3.06. Therefore, I think the farmer has made a pretty good contribution to the consumer, and there should not be any great amount of objection to letting him have some of that back. (Applause.)

The CHAIRMAN—There is one phase of this gentlemen, which it seems to me has not been covered. It does not resolve itself solely into a question of bad treatment of the consumer on the one hand and the producer on the other. There is a great constructed marketing machine in this country, which normally functions very quietly and very efficiently. The injection of government control precipitates the relation of the markets, grades and qualities arbitrarily. No longer is there a free play of individual judgment, fluctuating, as it must, with not only the individual opinion but with the season and the development of various kinds relatively of wheat. We have seven different varieties in this country. A government agency cannot assume to pass on the relation of those different varieties, because those which are peculiarly suited to one consuming purpose at one time of the year find themselves with an over-supply at another. So it has precipitated, as I said, arbitrarily a relation between the markets, grades and qualities. So we want, if we can, construct a machine which measurably restores the free play of individual judgment and initiative to the consumer and producer by making the whole process more natural.

It has seemed to me that there is a feature of the premium maintenance which does restore that—that the miller may accumulate his stock during the season and carry it with some security for the return of his charges, that the individual dealer may accumulate a stock selected in his judgment for milling, and because the advancing premium measurably reassures him against expense may wait for the market and seek it, whereas now, under the flat price, he must immediately market it, and face the accumulation of charges for which there is no reimbursement. We are perpetually besought with notices from communities in which we do not buy that that should establish the buying basis there, and we are at a handicap with the competitive markets where we do have buying bases. If we enlarge our organization to meet

these new demands, we would soon cover the United States with a great bureaucratic machine which would stifle the grain trade. We are anxious to do that with the established premium basic price. These terminals outside, where you have them, construct their own stocks and seek their own markets, being reimbursed, as I say, for the accumulation and carrying charge, through the advance on the basic price in which in the end they may operate. Those are phases we have had very distinctly in mind with our large resources this year, to establish some measurable increase in premium.

So you can see it is very much wider than governing the question of the flow from the producer, or even protecting the consumer. (Applause.)

Gentlemen, I want this question fully enough discussed to disclose the sentiment of the gathering, and no more time put on it than necessary to get your sentiment. I understand it to be practically the unanimous opinion that an advancing premium is desirable, that the scale on which that advance should be made varies from 1½ cents a month to 2 cents, the recommendation which we have received today; that the time during which it is effective is left to the judgment of the Wheat Director. Is there any dissent from that conclusion? And the time it goes off is left to the judgment of the Wheat Director.

If there is no dissent, we will assume that is the general sentiment and go to the next item on the program, that of railroad problems. I want to speak just a moment in introducing that subject. The Grain Corporation does not enjoy having the power to deny any man his opportunity to ship. It can only be justified in taking that responsibility by its own conviction that thereby it keeps open the avenue of flow at all. That it has tried to do that justly, that having no selfish interest in the market itself, it is probably in a position, together with the information that it gets officially, to decide those questions as fairly as possible; but I want you all to feel free to criticise it or make suggestions that would improve the service if it is reinstated. . How many feel, or who does feel, that the seaboard could be operated without permit control?

Mr. KINNEY—Some time ago we had a meeting in our city on this question, and it was discussed very thoroughly. I think there was no one at that time had any thought that the movement could be handled except by a permit system, and that nothing much better than what we had last year could be inaugurated. The only criticism of last year's permit system with

the seaboard was the delay on the part of some roads in passing the permit back from New York to the interior. It was the judgment of that meeting that the system of permits in effect then might be improved slightly by some arrangement that would get the numbers back to the shipper in the way that they were last year, by commercial telegram, and if possible that there be an authority for the initial road to accept the information as definite, to be confirmed officially later.

The difficulty in cities like Indianapolis, that are largely reconsigning markets, was in the fact that receipts would accumulate for a day or two, and frequently demurrage, and some little congestion followed, before the railroad would officially receive the advice from the New York or Philadelphia or Eastern terminals.

With reference to the present system in the Western markets, that is the primary markets, nearly all permits from country points were issued by the official board in Indianapolis, which had in mind all the time the facilities for receiving and handling grain on track, and were issued through the buyers in the local market, instead of going direct by single car lots and otherwise to the country shipper. That created some confusion.

The chairman of the Railroad Committee in Indianapolis said to me only the other day that in his judgment the method that was first adopted in having all permits secured in the local market the same way they are secured in Indianapolis and points like that for seaboard shipment was preferable.

The CHAIRMAN—Mr. Kinney, let me ask you, would the premium advancing in a seaboard market, would there be the same pressure, congestion and expense, even at Indianapolis under the accumulation?

Mr. KINNEY—The same pressure, and the accumulation would be the same. The trouble in markets like Indianapolis is not the question of more premium or better pay, but it is a lack of storage facilities for taking care of the grain as fast as it comes in. I do not believe there are any of the markets that we term in our way reconsigning markets that would be able to take care of the grain that comes in as rapidly as it would come through the elevator. They are compelled to reconsign from track very largely.

Mr. WARNER—We are still on the seaboard control, are we?

The CHAIRMAN—Yes. Have you any thought of control, Mr. Warner?

Mr. WARNER—Yes; I think it is a matter of common knowledge that the system as applied to the country last fall was greatly abused, and the result of it was it precipitated congestion and we were all very soon in more or less of a chaotic condition. The reason of that was there was too numerous applications for these permits. On the part of many I don't claim that they were done with any intent to do something they ought not to do, but done with the intention of not shipping the wheat immediately, but shipping it at a subsequent time. The result was that on many of the permits issued no wheat was ever shipped, and as a consequence we found ourselves in this position. That many who had permits issued to them had no wheat to ship against them, and many who had wheat to ship could not get the permits.

It seems to me that a plan should be worked out whereby these permits could not be issued except at times when the wheat is about ready to be loaded up, and if the permits issued against that wheat were not used the shipper, if he has committed any irregularity, ought to be subject to some discipline, some discipline that would prevent him from shipping, say, for a week, because of his having done this once, and the second time it might be extended to two weeks, or his license withdrawn entirely.

Again, in connection with that permit business, in the case of an embargo—but before I come to that it would seem to me that at every port—I have in mind of course especially New York, and I am very sure it will work out there—a blanket permit could be given to that port for all the grain that the Food Adminisration wants to go to that port within a certain time, and these grain receivers could apportion the permits among themselves through a committee perhaps of their own appointment. I am sure all the wheat receivers could take care of themselves. I would suggest that the director might apportion it on the recommendation of the committee and make the allotment of permits.

The result of that plan would be that the movement of the grain to the seaboard would be better and more equitably distributed.

Now, in connection with that, just a word on the embargo question. When those permits should be allotted, as I think they might be, no embargo should be placed against any of the permits that have been issued. For instance, I know in New York we go

down on the Flour Exchange, there, and we run up against an embargo right there. We have had wheat bought for immediate shipment and therefore unable to get any permits for it; it would seem to me, then, that for all the wheat that has been legitimately purchased a permit might be issued, provided it came within the allotment previously allowed.

It seems to me that could be worked out feasibly, because the Food Administration knows all the time the amount of grain headed this way. Before they did not, and you could take your books and you could foot up the number of applications to be issued and assume all that wheat was coming forward, but you know, Mr. Barnes, that wheat did not come forward.

The CHAIRMAN—You mean, Mr. Warner—just a moment—something is being done like that with oats, with the oat trade here, is it not?

Mr. WARNER—Yes, sir.

The CHAIRMAN—You mean an extension of that idea?

Mr. WARNER—Very similar to it.

Mr. RILEY—Mr. Barnes, representing the country trade, I wish to make this suggestion, that when the permit system was first inaugurated last year the country was very well pleased with it. It preferred to have the permits applied for by the commission man or the receiver in the market to which they desired to ship. Of course, we realize the abuses that then crept in and made it possibly necessary to change the permit system; but if there can be such a regulation there would be no serious abuse from that source, I think the country trade would be very greatly benefited by having the permits issued upon the request of the receiver. It requires some very careful and very proper regulation along that line. Many of these country agents of the railroads are not—I won't say they are entirely inefficient, but many of them are employed, in order that they may have a sufficient income, and they not only draw their salary from the railroads but also run a grocery store or a garage or something else, have some conflicting interest—many of them are working on very limited salaries, and of course are not as highly efficient in the work they are expected to do as men under other conditions. So that when the local shipper is dependent upon getting the permit through the local agent, it is a very uncertain proposition. A well regulated system that would cut out the abuse that crept into it last year in some of the markets of our country,

where the receivers or commission men desirous of increasing their business, secured permits indiscriminately and without any suggestion from the shipper, and perhaps from the other shippers that had never consigned or shipped to them anything—that led to the abuse of that other system, and if it could be regulated we very much prefer having the permit issued upon the request of the receiver, providing he is the legitimate receiver of the party from whom the shipment is to be received.

Mr. MYERS—Mr. Barnes, I have put out a questionnaire by getting out a form asking whether they prefer the permit or the embargo system. Perhaps I should not have done that. If I had known the permit system had already been decided upon—maybe it had not, I am not certain about it.

The CHARIMAN—I am very glad to get the result of your views on it.

Mr. MYERS—Well, of the replies which we had time to tabulate, seventy-eight managers of farmers' elevators reported in favor of the embargo system, against twelve for the permit system. Two were non-committal. Some of the statements were as follows:

> "We certainly prefer the embargo system in preference to the permit system as it was executed last year."
>
> "We do not like the permit system. The embargo system for us."
>
> "By all means the embargo system, unless you can devise a system by which the shipper would be notified of the issue of the permit, within twenty-four hours or less."
>
> "We prefer the embargo system, with at least twenty-four hours' notice of such embargo going into effect."
>
> "Give us the embargo system."
>
> "The embargo system. The permit system is absolutely unfair for a company situated as we are, who normally handle about half of the grain coming to four elevators. I do not see how we can move this crop under the permit system at all."
>
> "The permit system is too cumbersome and often it is unfair as operated in the past."
>
> "We would prefer the embargo system to the permit system, as it was applied to shipping last year."
>
> "Pontiac." They shipped a million bushels at that station, as I happen to know.

"No permit system for us."

"The permit system is the rottenest system ever forced on a country shipper."

"Of the two evils the embargo is the better."

"Embargo; we had cars in town last year for nearly a week, waiting for permits."

"Embaro system; keep the best."

"Embargo system is not so bad, but the permit system is the biggest fraud which God ever put into effect."

"We much prefer the embargo. Give us the embargo."

"We suggest the embargo system, as it takes too long to secure permits."

"Insist on embargo system."

"Embargo every time."

"Embargo system is the lessor of the two evils. In fact, anything would be better than the permit system."

"Embargo. We feel that the Grain Corporation should issue warning to the reports of the Weather Bureau concerning embargo." (Laughter.)

"The embargo system is better than the permit system, unless permits issued be good until cars can be gotten."

"I would prefer the permit system to the embargo system, unless they treat everybody alike; not the way they did last year."

"I think the permit system better, but when delay is existing we suggest the shipper be notified at once, by wire, but believe the permit system better for country dealers also."

"When the permit system was used, we had no trouble; not sure which would be best."

The CHAIRMAN—From one section of the country we have quite a birdseye picture of different opinions.

Mr. LINDERHOLM—Last year we had a permit system, and I presume everyone in the United States is against the permit system, but it looks as though we were going to run up against it another year; but first let me say that the permit system was used in so many different ways last year, that in some cases it became discriminatory. Out in Omaha we waited for the mails. I understand Chicago used the wires. The result was that some of the business that was working both ways would get the permit from Chicago in about twenty-four hours, from Omaha in a week or ten days. I think if the permit system is

to go on, that different exchanges should have more to say in regard to whether the market can handle the grain or not, and if you do, you will have less trouble than you did last year. Talking from a country station standpoint, which we have out in Nebraska, we had permits issued us for five-day shipments. The cars were not furnished and it took us ten days more to get a permit, after the car was furnished. If you can clean those things up, we could get along fairly well with a permit system, if we have to, but we don't want to unless we have to have it.

The CHAIRMAN—When you say you have to have it, Mr. Linderholm, do you mean as governed by market conditions, congestion of terminals?

Mr. LINDERHOLM—I mean, of course, you will have to govern them according to market conditions. If Omaha is congested and Chicago is not, you probably can take them to Chicago, but I think the Grain Exchange at Omaha should have a representative on your board in Omaha, to say whether or not the Omaha market could handle that wheat when it came in there, or could not, and not leave it to some outsider or railroad man.

The CHAIRMAN—I want to make clear that last year it was an experiment on the part of the Railroad Administration, and I am quite frank to say they did not correlate with the Grain Corporation as fully as I think they ought. If our Grain Corporation Vice-Presidents carry out the system they started last year, of conferences with representatives of the trade as to the amounts of various grains that a terminal could care for, which was the theory put in, and if the Railroad Administration then follow that judgment, I think we can smooth out many of the situations of which you complain.

Mr. LINDERHOLM—But the power that determines who should have a car, they should not spend three or four days through the mail, as was done in Omaha last year. I think they could save lots of cars and lots of time.

The CHAIRMAN—That is a question of mechanics and a suggestion perfectly proper.

Mr. SMITH—My name is Smith, and I represent the Board of Trade of Kansas City, Missouri. Kansas City used this permit system last year, as nearly in line with the instructions

as they were issued, as possibly could be done, and we found that it had some very material weaknesses that might very easily be remedied.

I think the gentlemen over there who had all of the letters, that the gist of those letters was rather that the permit system was improperly handled, or that if handled differently, they might look at it altogether differently. The mailing of the application for the approval of the agent, the theory I assume being that the agent would know whether the grain was there and available when the permit was issued, consumed a lot of time, and in a great many cases by the time that application was reached in its regular order, the applicant had been compelled, or been successful in obtaining another outlet, and, consequently when his permit got back to him, his grain was gone.

It would seem that if that application could be handled in some other manner, so that it would more reasonably be prone to assume that when the permit was issued, the grain would be shipped, the matter would be controlled a great deal easier.

For instance, we assumed that we could take care of so many cars in Kansas City, and issued permits accordingly. The matter was allowed to drag along for sufficient time to demonstrate what percentage of those permits were going to be shipped. It developed that hardly more than sixty per cent. were shipped. Consequently, the permits issued were increased accordingly, so as to be sure and bring in a sufficient volume to take care of the market's needs, and much to our surprise, they all began to ship.

It seemed like some of those old ones had come back to life. The consequence was that we had more wheat for a few days than the market could digest. Now, there are other markets that handle, I understand, in what they call a blanket system, that would operate more directly through the railroads, and it is only reasonable to say that the railroads, if they have some method to work through that can be worked out, can assure a more accurate delivery in accordance with the permits than through the system as it was announced, and as it was used in Kansas City, at least last year. There might be some remedy in letting a receiver make the application, and notify the shipper of that fact, or there might be a remedy in taking off the requirements of the specification of the consignee, or any other number of little matters, all of which would tend to simplify and make it easier to control the movement.

The gentleman from Omaha, I think, expresses our sentiments to a degree, at least, that there ought to be some very close re-

lationship and conference between the grain trade and the vice-president in charge of that particular market, so as to be sure that the market, on the one hand, is supplied with grain as it could be taken care of, and at the same time cars not oversupplied, and it seems that the grain trade itself is in the position to be the best judge of that requirement.

Mr. WELLS—Mr. Barnes, I would like to say in regard to the permit system, from the country shippers' standpoint, they are entirely in the dark as to what the method was last year. There is an overwhelming sentiment against the permit system, simply and largely because they do not understand it. Now, it occurs to me that the shippers were permitted to file permits without any limit, and they would keep filing these permits and run on intentionally without any cars being furnished. It would seem to me that there ought to be a limit on the filing of permits. If there is an intense congestion, it places the shipper absolutely in the dark. He is unable to make his contracts and he does not get his cars.

The blanket permit system was tried at Minneapolis. We had a few cases where shippers forwarded wheat under the blanket system permit, and when it arrived there, they were compelled to pay storage quite heavily. They thought that having had the permit, they should not be held for the storage, and it would seem to me that the blanket permit would work, if it were properly regulated. I think I would be opposed, from a beneficial standpoint, to having the terminal dealers make the applications for the permits, for I think there is a chance there for discrimination which occurred in the first part of the use of the permit system.

Mr. SEARLE—Mr. Chairman, speaking for the Northwest, I know that I express their sentiments when I state that the individual permit system worked very unsatisfactorily. After giving that matter consideration it was the expression and the opinion of the grain trade in the Northwest that in order to work out an individual permit system satisfactorily, it would be necessary to keep a set of books, with practically every station on the line. This of course was impossible. Every one had unfortunate experience in trying to get permits to ship out grain from stations where they had grain.

I recall one station of ours where we only had thirty thousand bushels, and we received permits to load out sixty-five cars, but we did not get a car, even on the 65 permits.

After having worked with the individual permit system for a while, we succeeded through our vice-president and the railroad man, in getting permission to try the blanket system. A committee of the market worked with the zone vice-president and had frequent conferences, and tried to keep him advised as fully as possible as to the unloading facilities in the market, and the number of cars that were permitted to come in were in accordance with the facilities for unloading.

The number of cars that the market would take care of was divided among the different roads, in accordance with the volume of business which they generally furnished the market. We found this worked out very satisfactorily. We had no congestion after this blanket system was adopted, and we had practically no complaints from the trade. I think they are unanimously in favor of the blanket system, realizing that some system of permit is necessary, in order to handle the crop satisfactorily and prevent congestion.

Mr. McDOUGAL—Mr. President, the individual permit system in the Chicago market was not at all satisfactory, not wishing to go into too much detail—

VOICES—Louder.

Mr. McDOUGAL—The individual system in the Chicago market did not operate satisfactorily during the last year. Chicago does not wish to dwell at this time on details, but they believe that if the blanket system such as was in operation in the Northwest last year can be put into effect, that it will work very satisfactorily and successfully in the Chicago market.

Mr. MacMILLAN—I want to say just a word on the blanket system. We used it in the Northwest very successfully. To commence with, take any system of permits, whether it is blanket or individual, it should be under the control of the Zone agent. Their Zone agent understands the problems of the district very much better than any railroad committee can possibly understand. The individual system developed all manner of abuses. There would be, as Mr. Searle has already explained, many permits issued at points where there was very little grain, and at points where there was a large body of grain to be removed, it was impossible to get permits at all. If it had not been for the very energetic work of our zone agent, it seems to me the grain situation in the Northwest would have been very serious.

When, however, we put in the blanket system, the only diffi-

culty which we had under that system was due to the failure of the producers themselves to properly use it.

We found at one time the railroads were not living up literally to the limits in vogue, and there were on a few occasions some congestion caused, but when the system was further developed, so that our vice-president in charge of our zone could work closely with the railroad committee, we had no difficulty whatever, and the entire trade were very much satisfied.

Mr. Myers has very well explained the difficulty from the country situation point of view, and the blanket system I am sure will give them the protection they want. It amounts to an embargo, for the reason that the railroad is only permitted to bring in a certain volume of business, and the railroad facilities, through their operating department, are closely in touch with the movement necessities of the crop, and can furnish the cars to the points where the grain is moving, and keep them away, if necessary, from places where there is no grain. So if it is left to the cooperation of the zone agent and the railroads, I am sure the blanket system will be perfectly satisfactory, both to the Food administration and to the commission merchants and the producers.

Mr. RICHARDSON—Mr. Barnes and gentlemen: we would naturally prefer not to go in under a permit system. We would like to operate our own business in our own way. We think we would like to go to the railroads direct, and put you in the same position as we are in. Show them your requirements and get your own permits, the same as we have to do; but I suppose the problem is larger than that, but at least we would like to have this done: we are willing to join you gentlemen in any way you think we should join, but we would like as much as possible this detail cut out.

We think our market should be handled by some one there, your vice-president, if you please, in connection with your railroad authority, whoever that might be. I do not think that authority should come to him here at New York and back to Philadelphia by mail, because we had the same difficulty all of last year. We would ask for permits to certain stations, and by the time the information got there, the wheat had been shipped somewhere else. I feel that certainly you should inaugurate some system that would permit each port to handle its own traffic, and let that information be wired direct to the agent, not through so many of these different—I don't know what you term them—I think you call them division managers of the various

railroads—by mail. I think you ought to make that direct contact from the port to the shipping point and have the orders respected. We found that developed last year, when the permits arrived, they would not respect them, because some certain division manager happened not to have issued the instructions, and in that connection I would like to ask is it your intention that other grain will have to be permitted, after the weekly permits are satisfied? I understand rye, corn and oats and barley will be controlled by our government. If we are exporters, are we going to be permitted to use our own discretion about how much we can buy, and to what extent we can use the terminal facilities, or will we have to be subject to your judgment?

The CHAIRMAN—We must control the entire volume of cereals to give any effect to the control.

Mr. RICHARDSON—It is your idea then, we would be licensed, more or less subject to your regulation.

The CHAIRMAN—The regulation permit will be by act of the Railroad Administration, in control of the administration, not by virtue of any authority in the Wheat Director.

Mr. RICHARDSON—From my understanding of the point, I would like to see the Wheat Corporation in the same position I am in, go to some railroad authority at some port and ask for its permits. I think you would appreciate the situation, but I want to emphasize that.

If, of course, we will have to submit to your better judgment, we will do it willingly, but I do think you want to urge at Philadelphia, at least, to some one in authority—the vice-president or railroad official, whoever he may be, who has charge of the port traffic, should be given authority to issue permits, then have the information wired direct to the shipper, not in this round-about way that it is now handled.

Mr. THOMPSON—I may be suspected of ignorance, but I am wondering if we could have an explanation just made of the blanket permit. We made inquiry among the farm people of Illinois, and we got a good deal of evidence. We do not like to have a repetition of the individual permit. We feel that something, of course, is necessary to control the flow of grain to the market.

Now, as I say, I am not familiar with just how the blanket

system permit would work, as it affects the producer, and his local elevator. Can I have an explanation of that?

The CHAIRMAN—I think perhaps we can shorten this by an exposition. We have the real culprit with us to-day, the man who was in charge of inland transportation for the Food Administration, and with notable self-sacrifice, and I am going to ask you to listen to the exposition from the fountainhead, from Mr. C. E. Spens, who is here to-day.

Mr. SPENS—With regard to Seaboard Permit Control, Mr. Barnes, in his talk this morning, indicated that it is estimated the exportation this coming year of bread grains would amount to about 450,000,000 bushels, or approximately 125,000,000 bushels in excess of the previous maximum exportation during the year.

Taking this into consideration coupled with the increase in commercial export traffic of all character, it can readily be appreciated that the Seaboard Permit Control will undoubtedly have to continue in effect.

Insofar as Interior Permit Control is concerned, I have listened with a great deal of interest to the numerous opinions that have today been expressed that there should be a premium or a carrying-charge allowed of so much per month to the producer in order to protect him against the expense incurred for the holding of the wheat on the farms, due to inability to reach market, all of which evidences that we are agreed that some control of the movement of the grain is necessary.

The allowance of a carrying charge will undoubtedly relieve the anxiety of the producer, to some extent, that he will not suffer with delay in reaching a market with his product; but in view of other statements made that this carrying charge may retard the movement of wheat only to a certain extent, the result will undoubtedly be that regardless of this carrying charge, the railroads will be taxed to capacity with the handling of wheat and other grains from the very outset of the season, and while some sentiments have been expressed that embargo will be preferable to the permit system, I fear that those recommending the embargo have not taken into consideration the effect of an embargo not only on the railroads but on the shippers of other traffic as well as grain. Embargoes do not only disrupt transportation conditions, but they disrupt trade arrangements of the shippers as well.

It is true that there were complaints last year of the operation of the individual permit system. This might have been expected when the enormous tonnage of grain that was moved is taken into consideration, but the fact remains that this enormous tonnage of grain did move and that it was able to move due to the regulation of the movement.

The Permit System contemplates that grain shall be permitted to be shipped to a market to the capacity of that market to absorb. Were the movement of tonnage not controlled, it is evident that the markets would soon be congested and this congestion would tie up the aquipment not only at terminals, but at points of origin and in transit as well, and with the immense movement in sight this coming year, it is absolutely necessary that all the facilities and all the energy be kept in as liquid a condition as possible.

Last year at Duluth and Minneapolis, the so-called Blanket System of Permit obtained for a while, while at the other interior markets the Individual Permit System obtained. The Railroad Administration has reached the conclusion that the Permit System will again be necessary within the near future, and the question to be decided is whether the Blanket System or the Individual System will be installed, with the understanding that whatever system is installed it shall apply uniformly at all markets.

Judging by the sentiment expressed at the Conference today, it is quite apparent to me that the Blanket System is preferred to the Individual Permit System. The Permit System contemplates the issuing of individual permits to shippers. In other words, a shipper may not ship a carload of grain to market prior to receipt of a permit from the Grain Control Committee in charge of the particular market. The Blanket Permit contemplates permits to railroads, instead of to shippers. In other words, the Grain Control Committee at a market will decide how many carloads of grain can be comfortably handled in the particular market.

Take Omaha, for illustration. Should the Committee decide that during a certain period they can handle 500 carloads per day, the Committee will then allocate these 500 cars among the different railroads serving that market. For instance, they might permit the Union Pacific to load 100 cars per day, the C. B. & Q. 100 cars per day, and so forth.

The personnel of the Grain Control Committee at each market consists of two representatives of the Railroad Administra-

tion; the third representative being a member of the Transportation Division of the Food Administration Grain Corporation, this third representative to keep in close touch with the Zone Agent or Vice-President of the Grain Corporation located at his market.

So far as Seaport control is concerned, it would not be the intention to consider the application of blanket permits on grain to seaports, in view of the different circumstances attending that movement, as compared with the gathering movement from country stations to interior terminal or primary markets. In the case of the seaport, the needs of the Grain Corporation must necessarily be given first consideration, and in view of the different manner of handling export grain, the large tonnage handled for account of individual receivers, etc., it is apparent that the individual permit system will have to continue so far as export grain or grain products may be concerned.

Mr. HAYWARD—I think I am a little confused as to the application of the blanket system. How would that be distributed to the trade, on a pro rata basis?

Mr. SPENS—My reference to the blanket system refers to the permit system, so far as the interior markets are concerned.

The CHAIRMAN—Do you feel the seaboard markets should be handled on a blanket system?

Mr. SPENS—I don't think it would be possible, Mr. Barnes.

The CHAIRMAN—That is, you differentiate.

Mr. SPENS—Yes; it might be possible after our export program is completed, that some such system might be considered.

Mr. EDDY—As I understand it now, it is very important that the export of the lower coarse grains to the other side be kept up, and how can that be done in view of the large movement of wheat which will be handled by the Grain Corporation?

Mr. SPENS—My answer is that the Grain Corporation is obliged to apply for permits from the Railroad Administration in the same manner as commercial exporters, although we, of course, give the Grain Corporation the preference; that after

their needs are taken care of, if there is then a balance of facilities remaining, we apply those facilities.

Mr. STRATTON—I would like to say that the sentiment in our market is very strongly in favor of the so-called blanket system. We had a great deal of difficulty at first, last year, with the individual permit system. We found later in the season that after the local officials of the railroad found out a little better about handling it, and after they had a little more intelligent co-operation from the grain men, that even the individual permit system was not as bad as we thought, but we think that the conditions in our market make the blanket system especially well adapted for our needs, because we have only practically two lines of railroad moving grain into our market, so we would like to go on record as strongly favoring the blanket system.

Mr. KINNEY—Mr. Barnes, it seems to me that it has been disclosed that the individual permit system at the seaboard is the only possible thing. I think Mr. Spens's suggestion is along that line. In our market there was a sub-committee on transportation, which was composed of members of the Board of Trade and the various railroad officials, making a committee that had control of the permit question, and Mr. Coney of the Pennsylvania Railroad at that time was chairman of that committee. The individual permit system was in effect all through the season, until very late, and when the change was made, we had all kinds of difficulty.

Under the original permit system, individually, the railroads would know whether or not their tracks were being congested, and no permits would be granted for arrival by that line. If a receiver in the market was not taking care of his grain promptly, or if his elevator was congested, or there was any particular reason why that receiver should not have permits, he did not get them. The permits, of course, were secured for the country shippers through the local receiver. After the change was made and the permits were secured through the country railroad agent, there was all sorts of confusion.

As Mr. Reilly stated a few moments ago, many of the country merchants are not employed for their railroad intelligence, but it is merely to fill a vacancy. Now, those agents sometimes would be a week in reaching the proper place to secure a permit. It would happen many a time that they would be out somewhere, at the store, or in the garage, or on the farm, and

would not receive the instructions at all about securing permits.

The individual permit system took the permit right directly to the shipper, and if two or three receivers were inclined to ask for permits from a shipping point, the authority for issuing that permit would know at once, and the second man who came along did not get it. It seems to me that the individual permit system for markets like ours, at least, is the only solution to the problem.

Mr. BARR—Our experience with the permit system was very limited, due to the fact that the territory from which we were permitted to draw grain, particularly wheat, was very much restricted, but what little experience we did have with the permits did not enthuse us over the situation, and I am receiving daily letters from various portions of the country, asking that we should take definite steps to endeavor to correct the former system, so that the movement will be facilitated.

The position of New Orleans and all the Gulf is unique. We have no large concentration points. Therefore the permits are issued to each individual shipper. Perhaps he has only one car. A man in Oklahoma or in Southern Kansas desires to send a car to New Orleans. He loads it, takes out the bill of lading, in his own name, consigns it to that point ,and he sells it to some dealer—does not know who he is going to sell it to, whoever will offer him the best price. That has been the system in the past.

It is very seldom that anything more than one car is sold at a time. Consequently, last season, when we endeavored to secure permits for parties who wanted to ship, we found in every case that the permits were received too late, and I did not receive during the season one single car of wheat, notwithstanding the fact that I had a number of permits issued. In fact, the only wheat permits issued in New Orleans were issued to me, and yet I did not get one car of wheat because we could not afford to hold those cars on the tracks. Demurrage was eating us up, and there were other difficulties. Therefore the cars had to move out and not one car moved to the Port of New Orleans, of wheat, last year, on a permit.

Therefore, it is important with us that some system of permits will be inaugurated, which will be sufficiently accelerated that these people can move these cars without this long delay. If not, why then we are going to have these embargoes, and we are going to have these demurrages, con-

stantly occurring in the country, and the movement to the Gulf will naturally be very much retarded.

Of course, as I stated in the outset, we are making no suggestion, because we have not had sufficient experience in handling those permits to say what is best. We don't even know what the meaning of the blanket system is. I hope very much that Mr. Spens will explain it, but we do know what the individual permit means, and it has been a failure with us, and it is not only the wish of the New Orleans Board of Trade, but all of our associations there, that a system shall be devised which will give us immediate relief. That is also urged by the entire constituency, also portions of Kansas and Oklahoma, which are tributary to us, and in view of the fact that we must have a large movement for export, it is quite sure that the large facilities of New Orleans and ample facilities of Galveston must be used, if we are going to prevent congestion, and if this wheat is to move with celerity to the consumers on the other side.

Mr. McCLURE—Just a word in regard to the country shipper. Here was the trouble that we found: we would make application for a permit. If I made the application to the agent for shipping a car to two or three stations, during that time he might have shipped those cars if he had them. The permit would be several days in getting there and the time was up. The agent would absolutely refuse to load those cars, until the permit was received, and the cars were taken out.

On the other hand, if the permit was received we could not get the cars until after the time of that permit for loading those cars had expired. The railroad then absolutely refused to ship the cars because we did not have the permit. Those are things we did experience in the country elevators.

Mr. SMILEY—Mr. Barnes, last year my attention was called a number of times to the fact that an embargo had been placed on Kansas City and other markets tributary to our territory, after the grain had been loaded from the elevator into the car. We are decidedly in favor of the permit system and being advised whether the permit will be issued promptly. We pay demurrage. Members of our association are not permitted to load cars to the destination they intend, on account of an embargo at Kansas City and other points. We are decidedly in favor of the permit system versus the embargo.

Mr. BELL—As far as the milling industry is concerned, we believe whatever measure of control there is should rest in the grain zone office, and that there should be associated with the grain zone manager, or vice-president, an advisory committee for the different elements of the trade. In many phases of the business, possibly the grain zone vice-president has no proper appreciation, we believe, and we believe the advice of these different interests operating with him would go far to work out a satisfactory solution.

Mr. WARNER—Mr. Chairman, I was glad to hear some one say a few moments ago that he did not understand the blanket system. I would like to know who uses the blanket, and who it covers.

Mr. SPENS—I thought I explained the blanket system. I will try to do it again. Take the Omaha market as an illustration: the grain control committee at Omaha may decide that the storage capacity of Omaha and the prospects for shipment are such that they can receive for a week six hundred carloads of grain a day. Those six hundred carloads are then allocated as between say six different lines that may serve Omaha, on a fair basis.

In other words, the Union Pacific may be advised it can load a hundred cars a day for Omaha; the Northwestern a hundred and the Burlington, possibly two hundred. That is what we mean by the blanket system, and in contravention to the individual permit system, which requires that the shipper must receive a permit before he can load or ship his grain. Do I make that plain?

Mr. WARNER—I think I understood that part of it, but after you get those allocated down to a certain railroad, how are they distributed out to the trade from there?

Mr. SPENS—As I said, if you adopt a blanket system and you allow one railroad, like the Union Pacific, to load a hundred carloads a day, then that railroad will individually and for itself decide what hundred cars shall be loaded, the same as they do today, or the same as they have always done in the absence of a permit system. They can only load so many cars as they would see is equitable among their own shippers, but under the blanket system, the control committee will have no say as to what particular shipper shall be permitted to load.

Mr. THOMPSON—Mr. Chairman, I would like to ask Mr. Spens under the blanket system, if the individual shipper would have the same recourse he has under any condition? He can put his complaints in direct to his railroad?

Mr. SPENS—Yes; to the railroad or to the committee, if he did not think he was getting fair treatment.

Mr. THOMPSON—That committee is composed of whom?

Mr. SPENS—Of two members of the railroad administration and one from the transportation committee of the grain corporation.

The CHAIRMAN—We have always conceived it is one of the obligations of our vice-presidents to keep an eye on the service throughout the zone. If any section or any shipper is discriminated against, he may carry his plea to our vice-president and ask his help in correcting it. I feel Mr. Spens did elucidate the blanket system, but I cannot allow his explanation to stand, carrying the inference it did, that the Burlington Road ought to handle twice as much business as the Union Pacific, without explaining that in the old days when he was privately engaged, he was vice-president of the Burlington Road. (Laughter.)

Mr. Spens, would you say some word to them about—some word of hope about the car supply and the condition of equipment, from what you see?

Mr. SPENS—About all I can say on the car question is that positive instructions were issued by the Director General and Regional Directors about three to four weeks ago, to repair equipment for the coming grain crop, and to get busy and repair it, you might say, regardless of the expense.

In other words, the Railroad Administration, I am confident, are going to do everything they possibly can to provide equipment and see to it at least that part of the equipment is suitable for grain movement. But I am sure they will take every step they possibly can to get the equipment in shape.

We all realize as well as you do what is confronting us.

The CHAIRMAN—Now, have we here any story of neglect in any other district? If so, I will recognize it.

Mr. HURLEY—Mr. Chairman, Hurley is my name, of Cincinnati. It appears to me that Cincinnati is situated very much

the same as the market in Indianapolis. We are a market that receives and forwards like Idianapolis does, and from listening to this discussion about the permits, it seems to be the prevailing idea, at least, that the so-called blanket system should govern the interior, like our market, and Indianapolis and Omaha, and that the individual permit should govern the seaboard. I got that impression, at least, from listening to the discussion. I should like to ask, Mr. Chairman, if that should go into effect, whether or not this condition should result—whether or not Cincinnati would be permitted to have issued to it, a hundred permits, for instance—would depend upon whether it—whether or not individual permits would be given to Cincinnati shippers to ship it on the seaboard? If some one would answer that, I would be obliged. I will repeat that, so that you may understand it: if blanket permit is issued to Cincinnati or Indianapolis, for a hundred cars, and the individual permit system prevails at the seaboard, and inasmuch as that grain is reconsigned to the seaboard, would it not depend, therefore, upon the individual permit from the seaboard to the Cincinnati shipper, or Indianapolis shipper—whether or not that permit for a hundred cars would be issued?

The CHAIRMAN—If the only outlet for Cincinnati grain was to the seaboard, and the seaboard was controlled by individual permits, that would certainly be the situation.

Mr. HURLEY—That would be bad, it seems to me, Mr. Chairman, a bad situation. In other words, Mr. Chairman, a Cincinnati shipper might be permitted, under the blanket permit, to bring a hundred cars into Cincinnati, and when he got them there, he would find himself unable to forward them to the seaboard.

The CHAIRMAN—There might be a little of that, in a measure, yes, but in a general way, your Cincinnati Committee would know what the conditions were, governing the conditions of outgoing individual permits enough to control your flow, measurably, I think, at least. I am quite sure that Mr. Spens has the impression, although we have had one or two examples that favored the individual permits, that at least as to the interior, the blanket permit is generally favored by the trade. Is there anyone else who wants to express on the record a preference for the individual permit for inland markets?

Mr. HAYWARD—I take it that the individual permits would prevail at the seaboard markets?

The CHAIRMAN—Yes. Is there anything further in regard to the railroad problems matter? I am warranted then in assuming that that subject has been covered to your satisfaction. If so, we will take the next item on the program, the relation of markets.

Last year we had a lively session under this head. It is perfectly proper for you to present any suggestion you wish as to alternations and modifications for consideration.

Mr. SALYARDS—Mr. President, in going around and handling the 1919 crop, the members of the trade find that complaints are more numerous from the producers in the Northwest than——

VOICE—Louder.

Mr. SALYARDS—As to their price of their Northern Spring Wheat, in comparison with the price of the Winter Wheat in Chicago, and our Board decided to instruct the delegates to bring this matter to the attention of this conference, and, Mr. Barnes. Our contention is that the price of Northern Spring Wheat in Duluth should be at least equal to the price of Winter Wheat in Chicago, $2.26.

I have a mass of figures here to present to you to help confuse you, but the prices at the three markets—and this matter was brought to our attention—brought forcibly by the presidents of a hundred elevators in Montana—that Duluth basic price of $2.22½, figuring 14¼ cents Lake and rail rate to New York, where the New York basic price was $2.39½, that there was a difference there of 3 cents per bushel, and these people could not understand where it went to. We are frank to say ourselves that we are a little at sea.

The prices established a year ago presumably covered the matter of freights, freight differentiation and so forth, but as there has been a change in the all-rail rates, as well as the Lake and rail rates, at least a contemplated change, to take effect, as I understand it, the 1st of June, we find invariably that the Northwestern producers and their organizations, some of whom have been before us, are laboring under the impression that injustice will be done to them if this price, as it now is, remains in force during the coming season.

In other words, the 3 cents a bushel is bothering them. They seem to think that there is a tax or penalty on their grain in the Northwest. They claim that the Northern Spring Wheat is worth as much as the Winter wheat. No doubt it is, yet they cannot understand why, if the New York basic price is $2.39½—why they must take the price of $2.22½ in Duluth.

We are not here to quarrel with Chicago, or to tell the Grain Corporation how it should do its business, but we really would like a little enlightenment on this matter. We would like something to take back home. We are not going to drive Minneapolis back in this matter either, because we believe their heart is in the right place, and they recognize this feeling that prevails among the Northwestern producers, the organizations, etc.

It has been said to us that it appeared foolish on our part to bring up this matter, but certainly it can be emphasized if there is an injustice, and we would like to know whether or not there is something there that we don't understand. I am referring particularly now to North Dakota, so that Duluth Board of Trade want to emphasize that fact, and ask for a fair consideration from the Wheat Director. We know that we have been very successful in carrying the 1918 crop, and we are just as satisfied that we will be successful in carrying the 1919 crop, and yet it is an injustice to any part or section of the country to be discriminated against, and the Northwest has got that in their minds.

It has been passed on to us and we are passing it on to you, Mr. Barnes.

Mr. BARNES—Let me ask you a few questions before you sit down. You spoke concerning the Spring Wheat at Duluth with the Winter Wheat at Chicago.

As I understand, you do not mean to introduce a comparison between two varieties of wheat. You rest your case on the comparison between the markets. That is, you would not like Chicago to retaliate by saying they would like to compare Durum Wheat at $2.22½ with Hard Winter Wheat at $2.22½.

Mr. SALYARDS—No; but the farmers of the Northwest, with whom we are talking, have pride in the Northwestern grain.

The CHAIRMAN—I want to get at how they feel about it. Do you feel there is a readjustment, because Duluth at 17 cents under New York, can ship to New York for less than 17 cents by Lake? Is that the point?

Mr. SALYARDS—Not exactly. That is not all of the point. It is more. It is recognized here, I think among the members of the Board of Trade of Duluth, that the Northwest has a grade of wheat that had a value before the war, in the pre-war days, that was equal to, or greater than the value of the Winter Wheat grown in the South. They seemed to think that that value had been taken away from them, and their grain is selling at a penalty. They are penalized now at the rate of 3½ to 5 cents, and maybe more, per bushel.

The CHAIRMAN—Does not the acceptance of that principal and the recognition of it in market relations, carry the logical inference that as to other varieties of normally discountable wheat like Durum, we ought to drop the Durum wheat?

Mr. SALYARDS—I think I will pass that on to one of my conferees. (Laughter.)

Mr. SEARLE—I would like to ask what the basic price is for Duram wheat in Chicago?

The CHAIRMAN—Just the same.

Mr. SEARLE—Just the same as Winter wheat?

The CHAIRMAN—Yes.

Mr. SEARLE—Then if they regulate the Durum price in Chicago, and see fit to reduce it, then I don't see how justly they can ask——

The CHAIRMAN—Would you like to attempt to satisfy the discounts for any one of these seven varieties, as compared with another?

Mr. SEARLE—We have not been asking that. While we realize and appreciate that in pre-war times, Spring wheat has been premium wheat, year in and year out, over all other varieties, just recently I put the question to one of the most prominent millers in the United States, as to what in his judgment, year in and year out, as compared with Winter wheat, and he said ten cents would be the premium. We are not asking for this advance in the sale price, although we do think it might be well to give some consideration to pre-war conditions, in arriving at the question and fact as to whether the Duluth basis is a fair one, as compared with Chicago.

We are resting our case almost entirely upon the difference in cost of transportation from Duluth to seaboard. We want what is fair; we think that we should ask this in justice to the farmers, to send their grain to the northwestern markets. Minneapolis is interested as well as Duluth in this very question. We have been criticised for not doing something or making some effort to get a higher price relatively for the Spring wheat than we now have. I believe that we will give this matter due consideration, and that you will come to the conclusion that we are only right in asking this advance.

The CHAIRMAN—That is, Mr. Searle, you base it most strongly on the fact that you do not feel it costs 17 cents to transport from Duluth to New York by lake and rail?

Mr. SEARLE—Yes, we do. We do not want to enter into the question of values of these different varieties, because we recognize the difficulties that would arise in arriving at a conclusion in that way.

The CHAIRMAN—Well, let us get into the record that there is a reduction in the lake transportation cost since a year ago.

Mr. SEARLE—Yes, there is a reduction, and I believe there is a decrease in the all-rail route, is there not, from Chicago?

The CHAIRMAN—I think not yet.

Mr. McDOUGAL—I address my remarks, Mr. President, in favor of the maintenance of price relations that now exist, and as declared by the President's proclamation. Any change from these established prices would immediately work a hardship on some, and the degree of that hardship would be just to the extent of the change in the prices. Based on the prices fixed in the Presidential proclamation of September, 1918, of 2.26 Chicago and 2.21½ in Minneapolis, the Minneapolis market nets throughout the entire State of North Dakota and the greater part of Minnesota 3 cents per bushel more than the Chicago price, and in the balance of Minnesota and all of South Dakota the Minneapolis price nets from three-tenths of one per cent. to 1 8-10 cents per bushel.

Therefore, any such advance as is suggested by Duluth would immediately result in a disturbed state of affairs between that market and Minneapolis and force the same advance, whatever it might be, to Minneapolis, in which event the Minneapolis ad-

vanced price would net over the Chicago price in all of the States of North Dakota and the greater part of Minnesota 6½ cents per bushel more than the Chicago price, and in the balance of Minnesota and in South Dakota the Minneapolis price would exceed Chicago's by 3 8-10 cents per bushel, and from that up to 5 3-10 per bushel.

In addition to this the advance of the Minneapolis price to conform with the price advance suggested by Duluth would enable them to come down clear into central Iowa and take away all of the wheat crop of that state, instead of allowing it to come to Chicago, its normal market. If such an advance should be granted to Minneapolis and to Duluth it would make the cost of the wheat to the Grain Corporation delivered New York when shipped from Minneapolis by the all-rail route 6 8-10 cents per bushel more than the New York basic price, and when shipped by lake and rail about four cents a bushel more than the New York basic price. To such a condition Chicago could not submit.

Therefore, we believe that the present price relations not only in the Northwest, but in the Southwest, as well, should remain indisturbed. For, if you attempt to change them you immediately work a hardship on some community, and as I have previously stated the hardship being to the extent of the change, whatever it might be, and in addition you break down your structure throughout; for, if you should advance the Minneapolis price 3½ cents, it immediately comes back and Chicago must claim a readjustment, and so on through the entire list, and if you begin at the Gulf and work back this way, the same conditions apply. Chicago is unalterably opposed to any change in these prices, as named in the President's proclamation. (Applause).

Mr. WARNER—Mr. Chairman, I would like to have a matter cleared up in my mind. I should like to have Mr. Barnes clear up a matter that has been in my mind while you gentlemen are discussing the possible change in the basic prices. In the President's proclamation of the second of December, if I recall properly, he specified there certain definite prices and certain definite places at which those prices were to be maintained. Isn't that true, Mr. Barnes?

The CHAIRMAN—Yes, Mr. Warner.

Mr. WARNER—And this bill which I hold in my hand authorizes the President to apply those guaranteed prices, and

no other, if I read this bill properly, with its context. It is not within the jurisdiction, then, of the Wheat Director to advance or reduce these prices. They are fixed according to the order of the President, and according to the bill making the order effective.

Mr. McDOUGAL—Mr. President, may I add a further remark? At a meeting recently held in Chicago of the Terminal Elevator Grain Merchants Association, representing the various terminal markets of the country, the Resident Director of that organization from Duluth, Mr. McCarthy, was present and participated in the discussion and debate of all questions presented at that meeting. Among other things discussed at that time was the question of price relations between markets, and Mr. McCarthy went on record there in voting for a resolution which was passed, declaring in favor of the maintenance of the price relations between these various markets. Mr. McCarthy—I want to make it perfectly clear that Mr. McCarthy is the Resident Director in Duluth of the Terminal Elevator Grain Merchants Association, which embraces all of the terminal elevators at that point.

Mr. WARNER—Mr. Barnes, if it is not discourteous, may I press for an answer to my question, as to whether——

The CHAIRMAN—I will answer Mr. Warner's question.

Mr. STEARLE—I just wanted to say a word in answering Mr. McDougal—to this effect: While Mr. McCarthy, as Mr. McDougal has said, represented the terminal association of Duluth at this meeting, he did not represent in any way the Duluth Board of Trade and the Duluth Board of Trade are the ones that this committee are speaking for at the present time.

Mr. CASE—Mr. Barnes, I want to speak very briefly for the Minneapolis Chamber of Commerce. We come down here without any instructions and without any program, particularly on this subject. We are just as anxious as the Duluth Board of Trade to see that any injustice which has been done to the Northwest should be remedied. We are not going to oppose their request, but merely at this time call your attention to the fact that if Duluth is raised Minneapolis should be raised accordingly, and I suppose other markets will claim the same.

In Minneapolis we have fifty-five million elevator capacity and a large milling capacity. At the present time we are one cent

under Duluth. We got along fairly well with that handicap, and probably we could meet Duluth's price, at least for a cent, but if we should be as much as two cents under Duluth, although the mills might meet that price, the terminal elevators with fifty-five million capacity would be put out of business, because at least three-quarters of the territory of the Northwest on a freight basis hangs on Duluth. If this subject is opened up, and I judge something has been started, we shall want more time, Mr. Barnes.

The CHAIRMAN—I will answer Mr. Warner. Mr. Shattuck, have you an opinion to express on that?

Mr. SHATTUCK—It is my opinion that the President of the United States, by Executive order, could change a price mentioned in his guarantee of September, provided it did not materially enhance the liabilities of the United States under that guarantee and did not reduce the guarantee to the farmer; and justification for that being that a market relation has been found to be irregular and improper, and that in order to correct a deficiency and to maintain an adequate flow of grain to the markets and to the seaports, and in order to handle this operation, he can correct—provided he does not overstep those two limitations which I placed upon it—that he must not reduce the guarantee to the farmer and must not materially enhance the liabilities of the United States under the act.

Mr. BARR—Judging from the applause that followed the speaker from Chicago, I know that we will be in a fearful minority when we claim that there must be a change in the basis for the Gulf. It was recognized when the Food Administration first took charge that the Allies would need a great deal of flour.

They were not prepared to handle the wheat, and therefore it became necessary to divert all of the wheat to the interior markets, so that it might be available for the mills.

We recognize the justice of that contention and, of course, made no protest. So that in 1917 the mills which usually handle sixty million bushels of wheat did not handle five hundred thousand. In 1918 we found that Europe did want the wheat and not the flour. We made a slight protest, but because there was a war and we did not know what the conditions were going to be —we did not know what changes might be necessary—as money did not count with the government in supplying our own soldiers with—and our Allies—with their food supplies, they dis-

criminated against us again. The consequence was that instead of our minimum being placed at $2.31, which was our legitimate due and which would have enabled us to reach our ordinary territory and have controlled a certain amount of wheat, it was placed at $2.28. The result was that the whole movement to the port of New Orleans last year was six hundred cars.

It is true that we handle a great deal of other wheat through New Orleans, wheat that had gone to Kansas City, wheat that had gone to St. Louis, wheat that had gone to Omaha, wheat that had gone to Chicago—and the government had paid the prices at those points. It was then diverted not only to New Orleans but to Galveston, and our elevators were congested during the larger portion of the season. The movement of wheat through New Orleans was not very free, much of the wheat remained there for many months. Consequently the port of New Orleans suffered seriously, because all of our grain movements were interfered with.

As I stated before, not a car of wheat did I handle on permits, for the simple reason that our elevator was filled with wheat by the government. The consequence was that it was impossible for us to bring in any more, and they did not want any of our wheat there, because it was necessary to relieve the congestion that had taken place at Kansas City and St. Louis principally.

The consequence is that it is needless to say that New Orleans and the Gulf will make a vigorous effort before the Food Administration to have our minimum increased. Just what that increase will be, we are not dictating, but we do claim in simple justice that the territory which was formerly ours and which legitimately belongs to us should be opened up to us again. And we are prepared to make that fight.

Of course, it is not necessary for me to go into a discussion of these matters now, because the fights are all before the Food Administration. We should be very glad to present them here, if you were to pass upon their merits; but we know, gentlemen, that you are not going to pass on the merits, that it is not by a vote of this convention that we are going to have any change in that minimum. So that we are forced to throw ourselves upon the grace of the Food Administration to do an act of simple justice and give to the Gulf just what belongs to it.

Mr. KELL—Mr. Chairman, this is a question that very vitally affects our interests in Texas, and the country that is tributary

to our mills in Texas. In order that I might get myself squarely before the audience, I would like to state that I am one of the executive committee representing the milling interests of the United States, of 19 members. The 19 members in executive session, and continuously working for a great many days, have considered this question more than once. It is the unanimous opinion of the 19 members that the basic price should not be changed at any place in the United States, that the President's proclamation of September 2d fixing the price at $2.26 and the basic price named in that proclamation at the various basic points reflects a proper distribution of the price throughout the United States, and with the continuation of those prices at these various basic points, the greatest justice will be done to the greatest number of people than by any other adjustment that can be made.

In Texas we are vitally interested. We have a milling capacity in all conditions producing between six and seven million barrels of flour. We have a market not to exceed five million barrels, if we got it all. Some of the flour coming to Texas comes from the outside.

For years this capacity has been employed, when their crops were not sufficient, by going over into Louisiana, Mississippi, and into Arkansas, with its surplus, and to the western hemisphere. Based upon $2.28 at Galveston we are on a parity with our competitors in the different parts of the country.

It has been suggested—I don't know where the suggestion came from—that the price at Galveston and New Orleans should be raised $2.336, or 5 6/10 cents per bushel above the price prevailing last year or throughout last season.

Now, 5.6 cents advance in the price of wheat in Texas would mean that we would have to add so much more a barrel to every barrel of flour sold to the domestic trade or the export trade, that was manufactured by our mills in that country, without a corresponding advance to the whole territory, or changing or making a horizontal advance throughout the whole fabric. Then you create an injustice, an inequality that would take from the Texas trade, the Texas milling trade, their flour consumers in Louisiana and in northeastern Texas and in Arkansas, and in Mississippi, as well as in the western hemisphere.

Now, Mr. Chairman and gentlemen, we can conceive that probably it would be necessary to make some changes to meet certain conditions, but let us analyze it and see where that penalty is going to fall. We can conceive that if the price was raised 5.6 cents at Galveston and New Orleans, that much less would

have to be refunded to the farmers or grain dealers in the mountain States. We can conceive that if the freight rates from Idaho and common points for export to Galveston and New Orleans was reduced to 26 cents, or from 38 cents to 33.6 cents, and the price was raised in Galveston and New Orleans to 33.6 cents, then that wheat in those mountain States could be marketed without any refund, and not a dollar of the billion dollars appropriated by the American Congress would be used in making that refund. But who would pay it? If that were the case the flour consumers of the territory tributary to Galveston and New Orleans would pay every dollar of it.

Was it the intention on the part of Congress or the President that one part of the United States would be taxed to give to another part of the United States the proclamation price of wheat? It was not.

An appropriation was made of a revolving fund of one million dollars, to be used wherever it might be necessary, in carrying out the President's proclamation. Instead of penalizing the flour consumers of the territory who have been affected by this, we would much prefer to see the United States Government, which is now responsible for the transportation interests of this country, go down into its own pocket and reduce that freight rate from 65 cents to 47 cents, and pay two dollars out in Idaho in the common points, and ship it to Galveston and New Orleans and sell it there at $2.28.

Again, answering the gentleman who spoke, from New Orleans, had his price last year, $2.50 on the 1918 crop, or had it been $2.50 on the 1916 crop, he would not have gotten another carload more of wheat than he did get. It was not by reason of an inequitable basic price that he got no wheat at New Orleans or Galveston last year for export, or in 1916 for export. What were the conditions in 1916? We produced over six hundred million bushels of wheat in this country. We did not know then that we were going to have a war. At the beginning of the war the crops were low. Our consumers used the usual amount, and we used out of that crop pretty near the entire crop that was produced. Had the price been $2.65 or $2.75 at New Orleans for export, none of the wheat of 1916 of any consequence would have gone out.

So he was complaining, not by reason of the basic price, but the great difficulty was the shortness of the crop. In 1918, what was the condition? The entire country was bare of wheat. The short crop of 1916 had been completely consumed. England had

bid up the market for every bushel of it, as high as $3.57 f. o. b. at the Gulf ports, for export to England. Was it possible that any part of the 1916 or 1917 crop would have been left? It was not possible. In 1918 the crop, when we entered that, the market being bare, not only of wheat, but also of flour, if the price at Galveston had been $2.50, instead of $2.28, if the price at New Orleans had been the same, that wheat, the early movement in the southwest, which was Texas, Oklahoma and Kansas, would have gone forward through the gateway of Memphis and St. Louis through the East and South, and through the gateway of Kansas City to the Central West, and Minneapolis, and to the Atlantic seaboard in the shape of flour. The Texas mills, the Oklahoma mills—they sold flour as far East as Boston, because of the fact that on the entering of the 1918 crop there was no flour in Boston, and the people were falling over themselves to buy it everywhere they could.

What was the production in the country that year? Eight million bushels in Texas, a little over thirty in Oklahoma, and around one hundred in Kansas, or one hundred and forty million bushels in the three States. Can anyone here who is familiar with the situation, with such a demand on the mills for raw material going East, conceive that any wheat would go out from Galveston or New Orleans in the early movement of the 1918 crop? I submit, gentlemen, that there is not a man within the sound of my voice who knows the situation in the Southwest would undertake to stand up before this audience and say, as a practical proposition, that any part of that early movement of the wheat from that country, with the East bare of wheat and flour, with the Southeast bare of flour, would have gone out for export. It was a physical impossibility.

In addition to that, I can remember very well that when the question came up of fixing that price at Galveston and New Orleans, I was here in New York attending the meeting here. I knew then our crop was short, and I had in mind then that unless the price at Galveston and New Orleans should be made high, that none of it would go there. I asked the direct question, if the Food Administration was offered a cargo of flour at Newport News, at a fixed price, and could get the flour twenty cents under, forty cents a barrel at Galveston and New Orleans, would they send the vessel on to load it, and I was answered that they would not. The ocean transportation at that time, and until away after the crop of 1918, was such that, regardless of the price at New Orleans or Galveston, it would have been a crime

to have sent the vessels, still less to have loaded them. We all know, then, that with any normal condition prevailing this would not be.

Now, my fellow citizens and Mr. Chairman, I am not so much concerned as to our mills in regard to this, but I am seriously concerned as to the price that will be placed upon the flour that will be bought by our Texas people, in east Texas, and our friends in Louisiana and Arkansas, where there is no wheat grown, and where there will be no compensating advantages whatever by reason of the advance in the price of wheat.

In my local territory where I live if our harvest turns out as we expect we will produce a million and a half or a million six hundred thousand bushels of wheat in our county alone. We have there a compensating advantage if the price advances five or six cents a bushel, but, Mr. Chairman, the President, in his proclamation, took care of every man who was interested in the production of that 1,600,000 bushels of wheat by fixing the price at $2.28 at Galveston and New Orleans. So he has nothing to complain of.

Just for a moment look at the conditions confronting us this year in the same territory. We have, if I am not mistaken, the government's estimate of thirty-three million bushels of wheat in Texas, a crop unknown, never before in its history having produced over twenty-five millions and never but twice in its history did it produce over twenty millions.

My own personal opinion is that when the crop of Texas is harvested it will probably be nearer forty millions.

We have in Oklahoma an ideal condition and we harvest in our own territory seventy-five or eighty million bushels. In Kansas two hundred and twenty-five million bushels, and I am told in the three States there, where in 1918 one hundred and forty million bushels only were produced, we have now in prospect three hundred and forty, or three hundred million bushels more than we produced there last year.

Now, my fellow citizens, and appealing to the gentleman from New Orleans, if he will sit still in the boat and leave the price where it is, he will have every bushel of wheat that his machinery can handle for export on this crop. I will go back into 1914 and 1915, when we produced large crops in that territory. Galveston was in line for an export. My memory is that she did not export under a free competitive market in excess of fifty million bushels. We will go to the facilities of Galveston. We have there three public elevators and one elevator attached to a mill. The public

elevators with their holding capacity of only two million bushels of wheat are insufficient.

Now, then, shall we go out here and produce an abnormal condition, produce a condition that never existed in pre-war times, produce a market condition that never could have existed in pre-war times, and force through a port like Galveston, with only two and a half million bushels of handling storage capacity, a volume of wheat way beyond its capacity to handle? I am not so well posted as to how the facilities are in New Orleans, but I am sufficiently posted as to the entire fabric in the Southwest to state to you here and now that if this price was raised to $2.336 to Galveston and New Orleans, it would do what? It would take the wheat from the State of Nebraska, take nearly all the wheat of Kansas, all of western Missouri, and all of Oklahoma and Texas.

What with the meagre facilities Galveston would do in the handling of that crop I do not know. Over four hundred million bushels of wheat would be affected by this. In short, one-third of the entire crop of the United States would be forced through Galveston and New Orleans at the expense of all other points of exportation.

Is that the intention of the law? Is that the proper analysis to put upon the situation? That was not our understanding. It was not our understanding that abnormal conditions ought ever to be forced upon us.

Now, then, my fellow citizens, I have at times been interested in the exportation of wheat at Galveston and New Orleans. Nor can I now ever recall to mind when we sold, delivered Galveston or New Orleans, for six-tenths of a cent more than the Kansas City price, plus the freight, and six-tenths of a cent more than that.

It costs one and a half and sometimes two cents to get it on the vessel when you get it there. The suggestion is $2.18 at Kansas City, $2.336 delivered Galveston, the full freight rate and six-tenths of a cent per bushel more, and then to get it on the vessel, the cost of putting it on the vessel. It is an abnormal condition that never could exist.

If the President's proclamation of September 2d had not been issued and the Food Administration had been abandoned and annulled, and we had all gone back to normal conditions, do you suppose for one moment that New Orleans could come up here or attend any meeting and say we are going to move all the wheat from southern Nebraska, all of Kansas, all of Oklahoma through

to New Orleans? No, they would not say that. They know they could not do it; it would be impossible.

Now, I can conceive it would be quite desirable to raise the price at Galveston and New Orleans so as to take care of this mountain state wheat as suggested. I would like to see it done if it were practicable to do so, but from my analysis it is impossible, it is impracticable, unless you are going to penalize some fellow down in the South there who ate corn bread for two months, without saying a word, on the wind-up of the crop of 1917. We do not want to see those gentlemen, who willingly did that, penalized.

Now, then, if it is desirable to take care of those mountain states, would it not be better to do it at a freight rate either from Idaho and common points to Galveston, or to reduce it, or get the exporter and charge him—the man in France or in England and German—just as much more after you get it on the ship at Galveston and New Orleans, and apply that on the man over in the mountain states? How much wheat is over there? If it does not rain shortly western Montana will be taking care of itself, because it will have no wheat in the differential territory. The Snake Valley crop, not exceeding two millions, if they have a good crop, is all involved. It never sold at anything like the basis or relative price that now exists. I have bought Snake Valley wheat for 18 years and was never out of it, in the running of our mills, and always bought it for five cents a bushel less than Kansas wheat, when I figured the difference in freight. I always bought it for less delivered at my mill, less by five cents a bushel than any other wheat. And why? Because it was not worth any more in proportion than that.

Shall we come here and penalize our flour consumers in Texas, Louisiana, Arkansas and Mississippi, where there are no compensating advantages to take care of abnormal conditions? Now, fellow citizens, and Mr. Chairman, I hope when you have gone through this that you will not make any changes.

I can conceive if you raise the price at Duluth, as has been requested here, over Minneapolis as suggested, and you raise the price at Galveston and New Orleans, as has been suggested, what will become of Minneapolis?

She won't have the territory from which to draw her wheat; her milling capacity will go down; she cannot come in here and get that wheat. We will go farther, if we advance these prices as intended what will become of the large storage capacity in Kansas City? There will not be territory enough there to fill

those elevators. We would create an abnormal condition and while elevators are much in need. We are going to need all the capacity we ever had.

The only way that wheat could go to Kansas City would be to pay a premium to get it there.

Mr. Chairman and gentlemen, this is the most serious question that has ever been presented, and I say to you our millers who have been loyal, who have observed every request and did not wait for an order, those in Texas, would feel if this 5.6 cents per bushel is added to the wheat at Galveston and New Orleans, that there would be no need of going further into this trade and signing up a mutual and voluntary contract, because they could not run it.

I sincerely trust if there is any man here who feels he should have a change in this basic price that he will withdraw that demand, because we have got it better worked out than it could ever be again, and we sincerely hope we will be able to work out this matter and get out from control, and let everybody take care of himself. (Applause).

Mr. BARR—Mr. Chairman, let me make a few suggestions.

The CHAIRMAN—It is now 5:30 gentlemen. We had anticipated that 5:30 was a long enough day at this season. What is you pleasure about continuing tonight? What about tomorrow morning? You will appreciate that it gets warmer here in the afternoon. Can we start earlier?

Mr. KELL—Mr. Chairman, I have a brief that was prepared by the Southwestern Millers League, and another one that was prepared by the Oklahoma Millers. I would be glad to present the one prepared by the Oklahoma Millers, and I have delivered it to your Mr. Smith.

The CHAIRMAN—I have it.

Mr. KELL—This one I would be glad to present and would like to have your secretary read them at the proper time.

The CHAIRMAN—I gather then if there is no objection that we will assemble at 9:30 tomorrow and take up this same subject. Just a minute, gentlemen. I am asked to say that the producers would like to meet the representatives of the private grain dealers at the close of this session in the corner of the room.

(Whereupon, at 5:30 o'clock p. m., the conference was adjourned to Wednesday, June 11th, 1919, at 9:30 o'clock a. m.)

MORNING SESSION, June 11, 1919, 9.30 A. M.

The Chairman called the meeting to order at 9.30 o'clock a. m.

The CHAIRMAN—I would be sorry to think that the fact that some of the morning papers carried the statement that we would reassemble at 11 o'clock had prevented some of our delegates from appearing at the proper time. I would rather believe it was the hold-over to a proper enjoyment of New York's entertainment facilities last night. But I think we shall proceed at the regular time, and I shall hope there is sufficient representation here to afford a proper discussion of these points. When we adjourned last night we were on the question of the relation of markets, and that subject is still open.

Mr. BARR—Mr. Barnes, I believe I was on my feet when we closed.

The CHAIRMAN—Pardon me a moment, Mr. Barr. Will everybody who speaks to-day please make it a point of speaking as loudly as possible, and louder than yesterday, as the stenographers did not get a complete record and we are anxious to have it.

Mr. BARR—Mr. President, I am exceedingly grateful that you drew the curtain on our proceedings last evening, because this morning I feel more docile and less talkative. It is not my intention to go into any discussion of the merits of our claim for recognition at the Gulf. The facts are so well known to you and to your administration that we are perfectly willing to leave our case in your hands without any argument.

Nor do I propose to reply to any of the arguments adduced by Mr. Kell, and which seem to have struck a responsive chord in the minds of this entire audience, because everybody seems to be happy. Chicago is thoroughly satisfied; Kansas City is singing a lullaby, and Mr. Kell says let us be. It seems that everybody in the grain trade is thoroughly satisfied with the condition except the Gulf, and when we cry because we want a little piece of the pie we are told to run along, if you don't stop your noise we are going to charge you 25 cents a barrel more for your flour, and we will simply scratch you; and with that threat, gentlemen, we are alarmed, I will confess we are fearfully alarmed, to know we have got to pay 25 cents a barrel more for our flour.

There are some things—but first in the next place, nor do I desire to defend Galveston, whom Mr. Kell aspersed on yesterday. Nor am I going to try to plead the cause of a quarter million of farmers in Texas, whom Mr. Kell says it is proposed to fleece out of a million dollars. He says with great magnanimity if these people do not do that he is going to charge more for flour; that if a man brings in a carload of wheat and has to pay 7.6 cents more than he on the carload lose $70.60; that farmer will have to eat 300 barrels of flour before he ever gets even with Mr. Kell on the loss of this one carload of flour.

I do not understand that kind of an argument, but we are not fighting the cause of Texas. It is a family affair and my experience is that you must not meddle with family affairs. I am going to leave Mr. Kell and his Texas friends to fight their own battles.

But there were a great many things that Mr. Kell seemed to know, and yet a great many things that he seemed not to know. It was a very strange situation to me. One thing he seemed to know was this—that the Food Administration proposed to give to the Gulf the whole earth and a slice of the moon. We have never heard of it, we have never heard of anything so Utopian as 7.6 cents over Chicago for New Orleans. In our wildest dreams we had never thought of such a thing, and we will never believe it, gentlemen, until we see it in print and have it in our hand.

So that when Mr. Kell tells you we are coming to this convention and asking for 7.6 cents more over the Chicago price, then we would like to know where he gets his information, because it is a wrong statement. All we ask, gentlemen, and all we ask to-day, is simply pure justice; we simply ask that we be restored to our pre-war situation, that we be given the territory belonging to us before, the territory which was ours by every right and which is ours to-day. That is all we ask; we ask nothing more, and as I stated before, we are perfectly willing to leave this matter to the Grain Corporation and to the wisdom of our President.

We want to say, however, in regard to New Orleans that Mr. Kell did not seem to know anything about it. He said there were two broken down elevators at Galveston, but he did not know whether we had any elevators or not. He did not know anything about it. I want to say, gentlemen, that in New Orleans we have seven elevators running from five hundred thousand capacity to 2,660,000 bushels. We have a

total capacity of nearly 8,000,000 bushels of grain. We can load fifteen vessels at one and the same time. We can put on those vessels 320,000 bushels of grain per hour. We can run an average—our loading capacity is over a million a day, but it would be impossible for us to unload more than that quantity, and the consequence is we don't consider that our capacity is more than our unloading ability. We can unload 700 cars per day; those seven hundred cars we claim would amount to about nine hundred and ten thousand bushels on an average. At the same time we are loading these we can be unloading from barges at the rate of 60,000 bushels a day, and we are now putting in pneumatic suction pipes, which would largely increase this movement from the barges.

So that, gentlemen, New Orleans to-day is in a position to handle two-thirds of every bushel of wheat that would be called for by the old requirements during the present season, but we are not gluttons. We do not ask for it, we do not expect it; we simply ask to get what legitimately belongs to us, and that is what we are here for to-day.

The statement has been made that New Orleans—it was made to me last night by a well informed gentleman—that it was stated that we had never shipped more than 35,000,000 bushels from the Gulf during any one year. I want to say, gentlemen, that under the pre-war conditions when we did not have the rate such as it is proposed to give us now, we shipped sixty million bushels of grain ourselves; that we know, and when Galveston was able to ship at least two-thirds of that quantity.

The consequence was, under the pre-war conditions and before we reached the conditions we have to-day by fifty per cent., we were handling a million bushels of grain. These are facts, gentlemen, and we are not giving you theories.

We are simply stating facts, and I want to say that the only thing that interferes with our work there is getting ships. Give us the ships and we will get the grain, and we will deliver the grain. We will load it. We have the red ribbon, the blue ribbon for quick despatch of ocean-going steamers to-day. There is no port in the United States to-day that can show such a record as New Orleans shows in the despatch of ocean-going steamers. Of course, some of the Lake operators have put on more per hour than we have, because there was no trimming connected with it, and their vessels were made specially for grain.

In the next place, the statement is made by Mr. Kell that we

did not and could not have handled the wheat. It mattered not what the price had been, he stated if it had been fifty cents a bushel more we could not have handled it. I say, gentlemen, our elevators would be full and we would have handled two-thirds as much more wheat if we had more of the proportionate price. If we had had $2.31 instead of $2.28 we would have handled a large quantity of wheat, but that three cents deprived us of practically two-thirds of our territory, and the consequence was that the wheat was all driven to Kansas City, and at Kansas City, because of the congestion there, the very cars which should have come directly to us, and came from our territory, had gone north three or four hundred miles, had been diverted to New Orleans, and we got over 3,000 from one section.

These were my own cars, that come to me directly, but owing to the fact that there was a 3-cent differential, the cars were sent back to New Orleans at an additional cost of five cents per bushel. The consequence is that the government paid $2.33 for every bushel of grain that they handled from Kansas and Oklahoma section that went through New Orleans, whereas we were only given a $2.28 rate.

Now, in regard to the quantities of wheat handled there, I want to say that one concern in New Orleans has handled within the last eighteen months 1,800,000 tons of foodstuffs. Included in that 1,800,000 tons of foodstuffs would be 60,000,000 bushels of grain and its products. The other would be other food products, such as rice and meat and lard, and things of that kind; but there were eighteen hundred thousand tons of foodstuffs passed over the wharves of New Orleans and went to the Allies.

To do this it took 55,000 cars to handle it. It took 380 ships, full cargo ships, to transport that stuff to Europe.

Gentlemen, I give you these facts just simply to answer Mr. Kell's statement that we could not and did not handle any grain. We did handle it, we handled enormous quantities of grain. We handled it for the government. We handled enormous quantities of foodstuffs, from all sections of the country. This has nothing to do with the enormous quantities of munitions, of steel, iron and these other products which passed through our port.

The record shows that we cleared over 1,500 vessels from our wharves. So there is no difficulty whatever in our refuting any statements Mr. Kell might make as to our ability to handle this enormous quantity.

But in conclusion, as I said before, gentlemen, we do not set forth any arguments. We have them with us, we have all our

departments represented, but we do not propose to set forth any proposition as to rates or anything of that sort. This is a matter of pure and simple justice and we are willing to submit our case without any argument.

Mr. KELL—The Southwest will agree with me, and Kansas, and the numerous organizations of Oklahoma have each prepared briefs on this subject, and I have delivered them to your office. We would be very glad to have your secretary read them if it is consistent.

The CHAIRMAN—Mr. Kell, I have gone over the briefs. I have read them. They are largely what you presented yesterday, with additional details of crop production in the territories affected, and a schedule of rates, and amplifying in detail a statement which you made and which was measurably correct. I will be governed by the desire of the majority here. It would slow up our progress somewhat.

Mr. KELL—If it please you, the only thought we had was that there seems to be a difference of opinion on the part of individuals here. I am sure that the information we have given in the briefs will reach you all right, but we felt that if those detailed facts could be given to the audience here, probably it would be helpful in reaching a decision, and will probably help some of the gentlemen reach a final conclusion that they might have been wrong in the beginning.

Now, if it is going to take too much time we will not insist on it, because it is a question finally that has to be passed on by you. The chief thing we had in mind was to try to convince the gentlemen present that we were right in our analysis, and with those facts before them we thought some of them might change their views.

The CHAIRMAN—Let me speak directly on that point now. It might clear some of the phases of it. You were perfectly right in saying that to frame a Gulf price of $2.336 when Kansas City basic price was $2.18 and the reshipping rate 15 cents a bushel would be impossible. That would draw through Kansas City to all the territory north. That appeared illogical as soon as it was so presented. But I don't know how many of you know that it is definitely decided upon by the railroad administration that a rate through Kansas City would be advanced from 25 to 28 per hundred. More than that, that the Southwestern rates to the Gulf generally will be raised in level to most of these Southwestern points.

This question of Gulf readjustment reaches beyond the sole question of the effect on the milling trade there. We have penalized the Pacific Coast millers by constructing an arbitrary price at the Pacific Coast points that broke their flow east across into mountain country absolutely, and we measurably tried to protect them by the furnishing of transportation by ocean to them in a measure of preference, recognizing that the normal conduct of their business was entirely broken by the establishment of a Pacific Coast price on the basis charged by the producers of the Coast.

Now, much the same situation apparently exists as to Texas and Oklahoma. They have for two years been on a price structure which allowed them to flow through Kansas City and the North, and to the East and Southeast. But whether that is just to the producers of the Southwest that have an outlet at the Gulf, whether it is just to maintain the Gulf price at eleven cents under the Atlantic seaboard, when prior to the war it often ruled at the same figure; it is quite true, as Mr. Kell said yesterday, we were—that we would not send carriers to the Gulf because carriers last year were exceedingly valuable and exceedingly restricted in the supply. But that ocean situation has changed and we have also a crop this year which necessitates the use of the full facilities of all ports.

It is with a full appreciation of the damage, the injury that might come by undue readjustment of market relations, that we approach this question. But we are animated also by a desire to recognize the change in those conditions which necessitated the original placing of the Gulf relation, and the reflection of the producers in that country of the proper advantage of their ocean outlet.

We have also one other aim that we try to make by the same adjustment, if it comes, and that is a relief of this absorption by inter-mountain shipments. That is one illogical and indefensible thing we are doing—forced upon us again by compromise with government departments. If we can substantially make good to the inter-mountain country the two dollar basis which has been a sentimental expectation there—I won't say it is a definite subject—if we can make that substantially good in some manner without too radical a sacrifice in other directions, we can discontinue the absorption and the millers and grain dealers interested in that flow who now have a real grievance against us, will be released to their own initiative.

The fact is that some measure between these extremes may

prove workable to accomplish all these ends. I do not feel that we are prevented from readjusting the Gulf price, certainly not by the reduction to the producer, and I believe it can be clearly shown that a measure of readjustment at the Gulf actually reduces the liability of the government instead of enhancing them.

This I pledge you will be very carefully considered. I am anxious to bring out your opinion on the advisability of any adjustment.

Let me speak about the Duluth relation which has been brought up. It has been quite true that the expense of shipping by Lake and rail to the Atlantic seaboard is one cent a bushel cheaper in prospect in this field than the Lake and freight rate fixed last fall; that it costs by actual transportation charge, plus the marine insurance which applies to Lake shipments as against rail—the cost practically is 14½ cents.

But since at all other markets the relation is framed on the expectation that the original carrier can go without discharge or elevator burden to final destination, we have a right to assume that since at Duluth this could not be true, that the Lake carrier could not be loaded except by putting the wheat through an elevator, and consider the elevator charge as part of the transit cost by Lake, so that it is measurably exact to say it costs 16 cents a bushel to take wheat from track Duluth and put it into New York, whereas the Government spread in the price fixed by the government is 17 cents. That even does not recognize the principle of a slight stop in the Western markets.

Duluth's position is very peculiar, in that it only has the benefit of this water rate for seven or eight months of the year. and then the question is shall we reflect exactly the benefit of that water rate during part of the year and then penalize them for the rail for the rest of the year?

Because by rail it costs 21 cents, and over, to make that transfer from Duluth to New York. More than that, it is recognized that a fair consideration should be given the established commercial relations of these markets, and Duluth and Minneapolis have been competitors on a practically even basis for years over a great extent of territory.

So then I feel that we cannot really consider Duluth's position without taking into consideration in some measure at least the position at Minneapolis.

Now, Minneapolis has nothing but a rail outlet, or the lake outlet plus a rail to Duluth, but to frame Minneapolis on the full-rail discount and leave Duluth on its full lake ad-

vantage when for four months of the year Duluth has no advantage over Minneapolis in transportation cost would also seem to be illogical.

So that last year, approaching this question after a great deal of study, we at last struck a balance as being the least evil of the two, and reflected not Duluth's full transportation advantage, but a compromise by giving it a premium of one cent a bushel over Minneapolis, which is not prohibitory to competition, and at the same time did not frame Minneapolis at its full freight disadvantage—recognizing these two markets were competitors, and we should not by our arbitrary relation of markets expand one to the disadvantage of the other unduly. As I say, we approached this question of relation of markets with a deep conviction that in our hands lies in large measure the responsibility of dictating the prosperity of these communities, and we have tried to discharge that with some measure of compromise of these factors that we recognize as real.

In the same manner we shall decide these questions, and I hope whatever our decision is you will accept it. The Gulf relation is the one that disturbs us most, because we feel there the most exposed to criticism, in view of the change of conditions that give the outlet to the Gulf this coming year.

But we shall approach that change, if made, with a due consideration of all that Mr. Kell so ably presented yesterday, of the disturbance that might follow to some commercial factors in the Southwest if too radical a readjustment is made.

I hope, gentlemen, that that merely clears some of the questions which may have been unasked in the minds of some of you not acquainted with the details. It does not close the discussion. I would still be glad to get on the record diverting and different views of these factors that I have mentioned, if they exist.

Mr. MacDOUGAL—Mr. Chairman, it occurs to me in the fixing of these price relations by the Presidential Proclamation, that it must have been in the minds of those who were instrumental in bringing about that condition, that no system or no arrangement of prices could be inaugurated without perhaps working a hardship upon some particular locality.

But notwithstanding that fact, I think they endeavored in so doing to make that measure of hardship as light as pos-

sible, and in so doing they thought they would serve the best interests of all concerned.

Of course we know, or some of us know, that by the framing of prices a hardship on individual markets has been imposed. We in Chicago have felt that to some extent, in fact to a very marked extent, and when I hear Mr. Barr speak of the New Orleans situation and the situation at the Gulf, I am again reminded of some figures which are at my command this morning, at my thumb's end in fact, which I thought would be very interesting to them and to the rest of you.

For example, in the territory west of the Indiana State line, embracing the important wheat states, with the exception of North Dakota, in the adjustment of these terminal prices Chicago finds itself with an acreage at its disposal in these important wheat states of approximately five and one-half million acres available to their market in this distribution or this matter of price-fixing, and of that five and one-half million acres about fifty per cent. of it is in the State of Oklahoma.

So that if the price at the Gulf, in addition to the other arguments which have been presented against us—if that price at the Gulf should be advanced again, fifty per cent. of the five and one-half million acres of wheat that are available to the Chicago market would be taken away from us and leave Chicago with about two and one-half million acres from which to draw their supply.

Therefore, it seems to me that any effort on the part of any market to bring about a readjustment of these differentials would open a question and a controversy that might be endless in the manner of the discussion, and very far-reaching in its effects.

In my talk last evening I spoke about the conditions that confronted Chicago at present, as compared with Minneapolis in the Northwest.

Chicago also has—and I am speaking now of this for the benefit of our friend from New Orleans—Chicago also has one cent a bushel against them at the Missouri River. And therefore I think one of the important things for us all to keep before us constantly is that if we insist upon the opening or the reopening, or the readjustment of these price differentials, we are beginning a controversy the effect of which cannot be determined.

Therefore, again, in speaking in behalf of Chicago, I believe that the present price structure should remain unchanged in all markets.

Mr. DAVIS—We felt last year, Mr. Chairman, in compromising on eight cents instead of seven, which we expected to get, that we had given about all that should be asked of Kansas City.

You will remember last year the dividing line was made at Enid. Now, we have made up a map, the Kansas City Transportation Bureau, based upon the new rates mentioned, and also based on the new price of 2.336 at the Gulf. That would be nine cents a bushel as against Kansas City. Such points as those in Kansas, in Northwestern Kansas, the wheat would be worth six-tenths of a cent a bushel more to go to Galveston than it would to Kansas City. That would apply along the Santa Fe Line.

Taking the Santa Fe Line, for example, all grain originating on the line south of Superior, Nebraska, and west of Emporia, west and south of Benedict, would be affected. The only grain Kansas City could hope to handle would be that originating on the line, Emporia to Atchison, and the main line, Emporia to Kansas City, and the Southern Kansas City Division north of Cherrydale, and even at a great many different points the Kansas City rate would be only equal to the Gulf basis.

If you take the Rock Island, a study of the map would show that all grain originating on the line from Bellville and west of MacFarland, would be forced to the Gulf. The only territory from which Kansas City could draw the Rock Island supplies would be east of Bellville and north and east of Harrington.

If you consider this map, and we want to file a copy of it with you, you will find the only grain they have is that originating within a radius of one hundred to one hundred and twenty-five miles. That is based upon the price of $2,336.

The CHAIRMAN—What about a junction point like Wichita, Mr. Davis?

Mr. DAVIS—Wichita would be—I want to be exact—we figured this out as the net result in dollars and cents. Kansas City would net 2.087, and Galveston would be 2.111. Hutchinson, for example, would be 2.084, and Galveston would be 2.108. Great Bend would be 2.105 to go to Galveston, and Kansas City would be 2.081.

We have several copies of this map and would be glad to file one with you.

We feel that conditions have changed, Mr. Chairman, in the last year, and the gentlemen have stated that in Galveston they could take care of nearly 180,000,000 bushels of wheat—Galveston and New Orleans.

From one State they would have 71,786,000 this year, from Oklahoma about 68,000,000, according to this Government report, from Texas about 36,000,000, making about 165,000,000 bushels of wheat.

The milling requirements of those states are approximately 55,000,000 bushels, seed ten to fifteen million bushels, which would leave in the neighborhood of 110,000,000 bushels from Kansas City, Oklahoma, and Texas, without touching the Kansas City crop.

We think Kansas City is at least entitled to the wheat of Kansas. It looks as though our territory is to be limited on this basis to a hundred miles of Kansas. You are well aware that the great Wheat producing section of Kansas is west of the center of the State. We feel that we have some cause for asking that wheat be stored at Kansas City. As you know, it is a central point. Wheat can go east, north or south, if it is found later that it is a better market.

Kansas City has over 25,000,000 of first class storage, and we feel that it would be unjust at this time to start any changing of the whole price structure. If there is to be a change we feel that we have a claim to at least a seven-cent differential instead of an eight, but Kansas City is willing to abide by the present structure.

Mr. BELL—Mr. Chairman, I want to say that Mr. Kell as a member of our committee, spoke for the committee yesterday and reflected the unanimous opinion of our committee, and of the millers of the United States, and I further wish to endorse what Mr. MacDougal has said.

Mr. Moses will supplement it further—what Mr. Kell spoke of yesterday.

Mr. MOSES—Mr. Chairman, those who know something of the marketing conditions of wheat in the United States, must realize that a question of this kind could be talked out and argued about for a month. There are commercial reasons that should govern your decision. We believe that the millers in the southwest have the right to maintain their trade relations

that they have established, and it should not be taken away from them. We cannot compete with other districts and be penalized two or three cents a bushel. Our trade has largely been developed in the consuming centers of the Southwest, and the East, and if we are deprived of that outlet for manufactured products, it can do no more than in a measure put a padlock on the door.

In pre-war times, while the great structure may have reflected an advantage that in a theoretical way our friend, Mr. Fox, could have said the territory of Kansas, Oklahoma, Southern Missouri and Texas, was an appendix to New Orleans' fine port facilities, yet I must say that we never so considered it.

The majority of our products, both in wheat and in wheat products, flows through the Missouri River gateway. The freight structure was not a controlling factor, as you know, Mr. Chairman, having dealt in grain. It was largely a question of price.

If supplies of wheat or wheat products were needed to flow through the Missouri River gateway, the bids on the raw material were sufficient to attract that wheat. If, on the other hand, there was a demand, a European demand, at the Gulf, and the available boats came into that port, the bids were sufficient to attract the wheat that way.

It is not a freight structure. There never was a relative price difference between the Gulf or any other market. You have all seen Minneapolis, ten cents higher than Chicago at times. We in Kansas City have paid ten cents and twelve cents over Chicago. It is because we needed the wheat.

So that you cannot take this question up, of the relative trade conditions, and relations that existed in pre-war periods. Today we are confronted with control by a Government agency of the United States Government through your direction. Therefore, your establishment of prices, basic prices, guaranteed prices, must be the controlling factor of the worth of that wheat at different points.

I believe, Mr. Chairman, that you recognize the effect that any decision on your part might have, with the investments that have been made, not upon the basis of the Government guaranteed price, but upon the basis of free agency of those who dealt in this commodity, either as wheat or as raw material, or as finished products.

The milling trade will sell eighty per cent. of their output through the Kansas City gateway. The local trade will take

possibly fifteen per cent. of their output. They might possibly go five per cent. to southeastern trade if the freight structure will permit us to go there, regardless of a few cents per bushel.

I am very sure, Mr. Chairman, that you do not wish to handicap the investment that is made in milling, the industry in the southwest, for the year or the term under which this control will be operative. As soon as the prices go back to a normal basis, and market fluctuations as represented in the different markets when they are open, is considered, the freight structure has practically nothing to do with conditions.

I wish also to call your attention to the fact that an increase in price at the Gulf would have an effect on the country elevator. Under our contract we would, as country elevator dealers, and also as millers, when buying of the producer, be compelled to pay the producer a price less the freight difference from the most favorably located terminal, as a reasonable handling charge.

It is conceivable that with the large crop that is now indicated being harvested, when we commence to buy upon an increased Gulf basis throughout that section, and a section that affects at least 400,000,000 bushels of wheat, or a third of the entire crop of the United States, the country elevator in buying that wheat on the Gulf basis—it is conceivable that an embargo will go onto the Gulf very shortly.

We have seen it in years past, even in pre-war times. Then we must have country elevators either shut down, idle until the embargo is removed, or we must ship that wheat to Chicago, St. Louis or Kansas City, standing our loss, or with your consent reducing our buying basis to the embargo, based upon the Missouri River.

We know what a complaint we would have from the farming communities in the event that the reduction was paid, after buying one farmer's wheat on the basis of the Gulf, and in buying the next wheat possibly saying, "Well my price is down two or two and a half cents a bushel we cannot ship to the Gulf—that we are buying on a Kansas City basis now. It is impracticable. That district in there is so situated that the flow must go to the Missouri River when it is needed; it must go to the Gulf when they want it."

After considerable discussion a year ago it was decided that a $2.28 rate as compared to a $2.18 would as nearly reflect the pre-war conditions as could be arrived at with a guaranteed price. It is possible that it may remain that way—that a considerable portion of the Kansas wheat or the surplus will flow

to the Gulf at $2.28—but a country elevator is not going to sit down and meet the expense of keeping a house open and not doing any business. The expense would eat them up. They would prefer to ship to the Gulf if it was open and Kansas City not available as a shipping point even at a price not less than a cent or two.

But to do that they would take that loss. It would probably reflect up to the center of Kansas on the present price structure, but to increase that price would, in the trade term, throw a monkey-wrench into the wheels of our industry.

We cannot urge too strongly on you not to change these prices. Allow them to remain. We are working under it, we have laid out our program with the expectation that this year they would be maintained and I am sure you will receive enough wheat at the Gulf to take care of all your wants and that Mr. Fox's elevators will be fully occupied in loading all the ships that arrive there.

Mr. SEARLE—Mr. Chairman for the purpose of getting it into the minutes I want to refer to the statement of the Chairman and make a brief comparison between the cost of transporting wheat from Duluth to the seaboard with the cost from Chicago. In arriving at the figure of about 16 cents cost from Duluth to Chicago, the elevation charge and carrying charges were added in Duluth but were not added as I recall it, to the freight rate east of Chicago.

This should have been done, it seems to me, as the Government, the Grain Corporation, do buy wheat in Chicago in store, as well as in Duluth, which subjects it to an extra charge of routing in Chicago. In making the comparison it occurs to me that this should have been added to the Chicago rate.

Mr. LORING—Mr. Chairman, our committee are unanimous that at this time it would be very unfortunate to change the market relations that existed during the past year. While it may be true that there may be some inequalities or inequities, there is a great danger of increasing those and bringing about a great damage to the milling business.

We have most of us felt that the Chairman, in his desire to do that which is best for the country, has never been able to appreciate the milling problem, and that becomes a very serious factor at this time, and particularly if the changes were made as proposed.

As I look upon it, the purpose is to take the very best wheat

out of the southwest, and ship it out of the country through Galveston. Take the very best wheat in this country out of the Northwest and ship it out through Duluth.

So no miller except in direct route would receive the best grade of this country, and the United States would have to mill those grains that they could procure from the sections which are not of the best quality.

We are going to give to Europe the best wheat and leave ourselves the poorest.

The condition that existed last year penalized Minneapolis materially, and we suffered, as anyone that has bought flour in the Northwest knows, because of the fact that those grains were drawn out of our territory to Duluth, and during part of the time, due to embargo, we were unable to draw to Minneapolis the grains that were essential to the maintenance of the industry, and the reputation we had created.

I do not think for one moment, and I have too high a regard for every man connected with the grain organization to believe, that there was any desire to produce an inequality or an injustice to our industry. I believe I have had a voice myself on more than one occasion as supporter of Mr. Barnes and the Grain Corporation, and I shall continue so to support it, because I believe that whatever errors have been made in the past were errors of judgment and not of heart. We are all human and we make our mistakes.

To produce the condition that is considered here to-day, by which you are going to tap the very heart of the wheat district and draw it right out of this country, would certainly bring to the milling industry one of the greatest shocks it ever had. In the past we were competitive. It made no difference or it made less difference what these rates were, because we drew the grain and sold that grain on the reputation of our industry and our ability to handle it. That is not going to be the case. Possibly during a large part of the year—although if the Chairman is successful in maintaining, which we hope he will be, the price during the whole year—it will not be as serious, because we will not be under control.

But the moment we become under control we have no right to bid for these grains, we cannot draw them into our neighborhood, we cannot draw them into our mills, and we will have placed upon us a task which is greater than the average profit that is shown in the milling industry.

In other words, we would be practically placed at a disad-

vantage and we would have to elect whether we would lose money for this year and maintain ourselves, or go out of business.

So I do not believe for one moment that that is the purpose or the desire of the Grain Corporation. I believe that after due consideration is given to it, every effort will be made to meet the situation on a broad, fair basis. I believe that every elevator, every port, every transportation facility will be crowded to its fullest extent this year, without much regard to where it is or how it is constructed or where it may be located.

I do not think that it is so essential this year to make the changes that might have been necessary last year.

It would be very unwise from a milling standpoint to disrupt the conditions that exist to-day. While we have no fight or protest against our neighboring city of Duluth, all we would ask would be that we be placed upon a parity with them, should a change be made. We believe it is unwise at this time to make changes, and let the commercial conditions at the end of the control bring about those changes that will always come in commercial life, and not bring about a disrupture at this time, which seems unnecessary.

Mr. LINDERHOLM—Mr. Chairman, I want to heartily endorse what Mr. MacDougal has said, also what has been presented by the millers' association. In behalf of Omaha and the Omaha market and the tributary markets to the Omaha market; I want to protest against any change whatever. I am sure of one thing, and that is that if the basic price is advanced north of us, to the Gulf, being in such a peculiar situation as we are, it would leave us high and dry as to the grain flowing to and from us.

I would ask, Mr. Barnes, that you give this careful consideration if any changes are made.

Another question, the intermountain question: before the prices were made last year, the Omaha market enjoyed a great deal of business from that intermountain section, and we also ask, Mr. Barnes, that you consider giving Omaha some of that this year.

Mr. POWELL—Mr. Chairman, our Board of Trade consists of commission men, brokers, terminal elevator men, line elevator men, and millers, and at a meeting held a few days ago, in discussing very thoroughly the adjustment of any basic price with the present growing crop, it was unanimously decided that for

the producing territory we wanted to see no change made, particularly an advance to the Gulf ports.

It has been interesting to hear the demands made by these men of larger and more distant markets, as to the privilege of handling and taking care of this great crop, and I heartily agree with all that has been said.

It is useless for me to go farther into the subject along that line.

I do want to say a word in reference to the handling and the caring for this great crop, which, as all of you know, by information you have received, in that great country down there we have practically two crops in one. The farmer has the equipment for taking care of his ordinary crop, the country shipper is thoroughly well equipped for taking care of the normal crop; but this year under favorable conditions, when this crop begins to move, we are going to need and must have, if you please, the advantage of all these available markets, and we do not consider that any adjustments could help us.

We can see nothing in the event that an advance was made to the Gulf ports, except a blockade at the Gulf ports, and that on account of the establishment of that basic price there, advancing the price to the purchaser, would immediately fill our country elevators and internal markets with wheat, and it would not have an outlet. It would naturally, then, begin holding this crop back on the farms, which are not equipped for caring for it, and our loss would be very heavy in unfavorable weather.

Speaking in the interests of the producing country, we are one and all in the Wichita territory, and particularly Wichita dealers, opposed to any change in the basic price that now exists.

Mr. FORSYTH—Mr. Chairman, I wish to corroborate the statement so often made by Mr. Kell. I think as Mr. Kell said last night, that the fact that we had to pay five cents more, if you do raise your rate five cents or more at Galveston, it will reflect back in the Colorado market. I know the consumers are very much worked up about paying any more for flour than they are paying now, and I know of course this might revert back to the farmer.

But certainly we would have to advance the price on our flour, if you advance the price on wheat there, five cents—we would have to advance it at least 25 cents a barrel to make up the difference. I want to enter a protest at this time, if there is any way to avoid it, of raising the price to any of those different points from what it is now.

Mr. MILLER—Mr. Chairman, it seems to me the mountain point is the bone of contention. It seems to me that in order to protect the people in the intermountain territory, and give them the two-dollar guarantee, as was done last year, she has to establish an outlet for that wheat through Galveston or New Orleans. I believe there is one phase of the intermountain situation that you have not taken into consideration, and that is the large quantity of wheat that would grade below No. 3.

The intermountain territory—that is, speaking of Idaho—is just in its infancy in the production of wheat, and we have, as some of the boys say, Heinz beaten on the 57 Varieties.

Now, if these low-grade wheats and mixed wheats are compelled to go to a market like Galveston, where they have not the facilities for handling it, nor the market for that class of wheat, I think a hardship would be worked not only upon the dealers, but upon the producers as well.

I think, take it all through, they would be better off, the producers particularly, to take a lower basic price and have the privilege of marketing their wheat in the larger centers like Chicago, Kansas City, or some of those other markets, where there is a better distribution for that class of wheat, and I hope, Mr. Barnes, you will take this phase of the question into serious consideration before deciding to send the intermountain wheat to those other markets.

Mr. HUMPHREY—I want to second the remarks of Mr. Powell and Mr. Kell on this matter, and wish to protest against any change at all in the present basic price. We in Oklahoma would be in much worse condition than those in Kansas even. I want to call the attention of the Chairman also to the remarks as to the proposed change in the rates from the Gulf to the Southwest—that the proposal, as I understand it, is to reduce the rates to the State of Oklahoma and not to raise them for export.

Mr. DITTMER—Mr. Chairman, in regard to the statement that has been made on the floor here, that the entire State of Oklahoma and part of Kansas was tributary to the Gulf under pre-control conditions, I wish to call attention to the fact that we operate a number of elevators out of Enid, which is situated in Northern Oklahoma, and that our pre-control experience has been that the dividing line of the movement north and east and south to the Gulf fluctuates along into Northern Oklahoma and is governed by the flow, of course, of exports to the Gulf or to the north.

In order to get facts on that, we check up the movement of wheat out of Bound Creek, which is now the station breaking under the present freight rate. In the three years prior to the control, there were moved out of there 1,151 cars, and 380 cars went to the Gulf in those three years for export, the balance going to the local and northern mills, the northern grain markets, leaving a percentage of thirty for export and seventy for local and northern mills and northern markets.

This clearly shows that the territory of southern Kansas was not normally tributary to the Gulf, and under the proposed change of freight rates for export, as contemplated, and the proposed change in the basic price, wheat at El Reno, which is located in the central part of Oklahoma, would be worth 2.01 and a fraction to go to Kansas City, and 2.15 to go to the Gulf, or within three cents of the Kansas City basic price. This is absolutely contrary to any pre-existing conditions, and would absolutely result in the locking up of the entire milling industry of the State of Oklahoma within a very short time after the harvest sought to be realized.

The CHAIRMAN—Mr. Dittmer, before you sit down, state your El Reno example. You say it would net 2.15 at the Gulf, it would then be on the present basic at the Gulf 2.095, against the 2.01 at Kansas City?

Mr. DITTMER—2.07.

The CHAIRMAN—2.07 at Kansas City?

Mr. DITTMER—2.07 to go to the Gulf, and 2.04 to go to Kansas City, a differential of three cents.

The CHAIRMAN—In favor of the Gulf now.

Mr. DITTMER—Those figures are all presented in the brief which was given by the Oklahoma Millers' Association.

The CHAIRMAN—Yes, but what I want to bring out is that you are able to operate against that three-cent differential at El Reno; is that the fact?

Mr. DITTMER—We have been handicapped in our outlet to the southeast, the Mississippi River gateway, and with the proposed changes the handicap in that direction will be increased.

The CHAIRMAN—I see. We have accumulated a number of questions here, gentlemen. I do not want to appear in the light of arguing this question before you; I merely want to keep the record clear with you. I agree to much that Mr. Loring said

about the unsoundness of any method or policy that puts into our export trade the selection of our wheat and takes it from the miller. I feel that last year it was demonstrated to have been measurably done, and we were trying to devise some policy, some structure that would give a better opportunity for the miller to protect himself. That is the reason I lay a special emphasis on the effect of the commercial grain handling machinery and the milling machinery on the premium basis, which will assure the miller an opportunity to make his selection without pressure, instead of throwing that pressure on the Grain Corporation and thereafter exporting it.

But the story is not all one way. If the export trade of this country for the coming year, to the extent of four hundred or five hundred million bushels, is maintained in the hands of the Grain Corporation, that export trade as wheat must be based on the fixed price. The Grain Corporation will not pay any premium over its buying scale for any export wheat anywhere, and never again and never before did the milling trade of this country, with an export demand for wheat of such large relation to the milling consumption, find that export trade fixed, at a relation which it knew in advance; never before did it have a chance to protect itself by the selection at moderate premium, without the forcing of export competition for superior grades also. That is an advantage which the milling trade will soon practically realize and should acknowledge in advance.

The mention by Mr. Searle of the fact that in the factor of the freight between Chicago and the Atlantic seaboard we did not figure an elevation in the comparison, is true, because the Chicago-New York relation is based on the rail rate, 13.8 cents per bushel, making a difference between the market prices of 13.5 cents; because, since it was a rail freight relation, the original carrier reaching Chicago could theoretically at least be forwarded without incurring a transfer or elevated charge. And that is not possible at Duluth on water transportation, without incurring that charge, to put it on the water carrier.

So I think that clears that relation somewhat. Mr. Moses' statement that the conference last year fixed a Gulf price to reflect the pre-war conditions, was not the whole story. We did not attempt to fix pre-war conditions, it was an attempt to so guage the flow of wheat out of the southwest to the Gulf that there would not be enough wheat flow to the Gulf, or not any more wheat flow to the Gulf than the very restricted ocean tonnage outlet seemed—that this did it, is shown conclusively

by the fact that ninety to ninety-five per cent. of the wheat we shipped from the Gulf we directed for reshipment from St. Louis, Kansas City, Omaha and Chicago, and the Railroad Administration have a real grievance against us on a price structure which attracts that wheat first into those accumulated centers and then burdens the carrier with the necessity for moving it again.

I quite think this question of relation can be worked out on sound principles, something like this—that while a protection of the inter-mountain guarantee, measurable protection, forcing us to retire from that which is artificial, which restricts every miller and every grain dealer on that flow, is one consideration, but not the main one, that the Gulf will have a very large ocean service this year, and the Gulf should be supplied with wheat enough for that ocean service without the burden of attracting it into an inland terminal and then reshipping it.

The measure of disturbance to the established milling structure is a factor to be considered, but not decisive. There are bigger policies than that, that the creation of premium basis in the terminal markets affords the millers, even in that section and elsewhere, the chance to operate.

It would be an anomaly for the Grain Corporation to sell wheat brought from the Gulf on a Gulf-buying price which did not give it any supplies to sell. It would be, in the same manner, a contradiction if the Grain Corporation asked a price at the Gulf as to its foreign sales, based on taking that wheat from a market such as Kansas City, constructing a price of five or six cents over the theoretical Gulf price, and allow the merchants at the Gulf to complain that they could sell the wheat cheaper, because they got some wheat at a half cent or a cent above the price we maintained at the Gulf.

Those are phases which have not been presented here, but which are very real in our minds. There is a very real necessity for meeting them, and I hope that before we make a decision, they will be fully considered along with all the other phases that have been presented here, particularly by the milling interests, and that are entitled to serious consideration. Are there any other views to be expressed

Mr. NIEMEIER—Mr. Davis, of Kansas City, and Mr. MacDougal, of Chicago, have expressed the sentiments of the merchants' market, and we heartily endorse the statements they have made as to the present price structure, and that it remain undisturbed.

Mr. HAMILTON—Mr. Chairman, I wish at this time, if it is not too late—I got in late this morning—to enter a protest, as representing the millers of the State of New York, against any change in the price relation that existed and has existed during the past year.

Mr. BOSSEMEYER—Representing the Superior Grain Exchange and the Country Shippers of Northern Kansas and Southern Nebraska, I would protest against giving the Southern ports so large a territory that they could not take care of our wheat. We would hate to find ourselves loaded up on wheat that we would have to ship East at a loss.

In other years we have found, in buying wheat on a Gulf basis, very often when we got the wheat ready to sell, they could not take it, that there would be an embargo down there and they could not take care of our stuff. We would like to see it moved where it is needed, but we do not want to be compelled to buy on a Gulf basis and sell on a different eastern basis.

Mr. A. E. HUMPHREY—Representing the Oklahoma Millers Association: Mr. Chairman, I think that you are working under the wrong premise, when you think you won't get enough wheat at the Gulf under the present price basis. I think you base your premise on the movement of wheat last season. As Mr. Kell stated yesterday, you would not have gotten any wheat from that territory at the Gulf at ten or twenty-five cents a bushel more than the established price, because there was such a demand for it East, on account of the short carry-over, that our wheat naturally moved East. And there were sufficient cars placed in that territory to move the bulk of the crop in practically two months.

I think you will agree that that was a very abnormal condition. The premiums were very attractive at the beginning of the crop and lasted for some time. The wheat started to flow East and it naturally continued that flow a while after the premium disappeared.

But I don't think such a condition would exist this year.

I believe that the Gulf could draw wheat from its natural territory, and those of us who are familiar with that territory there, we are convinced that the amount is large enough in this territory to supply any movement to the Gulf ports, with all the business they can take care of. In fact, we have had experience there for years in shipping to those ports and cannot conceive that

they will be able to take care of this flow of business during the first few months of the crop season.

There is one other point that I would like you to clear up, if you please. You mentioned that you did not see how wheat could sell at eleven cents lower than the Atlantic seaboard. As I understand that difference, it is due to the ocean freight rates. I also understand that the higher rate from the Gulf is due to the longer time consumed, particularly when they turn it around at Norfolk, where, as I understand, the boats have to put in for coal. I think we will all agree that the ocean rates as established now are not normal, but arbitrary, but if it takes five weeks, we will say, for the trip from the Gulf, as against three weeks from the Atlantic seaports, and the present rate of the Atlantic is a dollar a hundred, that would mean, on that basis, wheat at the Gulf would be worth thirty or forty cents a bushel less than it did last year, basing the return to the steamer and the charges on a time factor.

Whether those statements are correct—I am not, of course, responsible for them—I do not know, but it appeals to me that there is nothing in the argument that eleven cents under present conditions is too great a difference between the Atlantic and the Gulf.

The Oklahoma millers represented by me want to endorse the facts and statements made by the representatives of the millers' committee, and we want to enter a very vigorous protest and we feel that if this basis is disturbed it will be a death-blow to us.

The CHAIRMAN—Well, just in order to clear Mr. Humphrey's ocean-freight statement, this is the fact, gentlemen—that for vessels loading at the Gulf, going to the South of Europe, or the Mediterranean ports, it is as short a trip as to Northern Europe from the Atlantic ports. So that to the extent that wheat——

Mr. HUMPHREY—Well, Mr. Barnes, where do those ships get coal?

The CHAIRMAN—The coaling is often done before they go to the Gulf at all, on their outbound trip. Many of them are oil carriers, and they get their fuel better at the Gulf. Those are all factors impossible to estimate. If we could exactly estimate them there would be no question, perhaps, of the relation between the Atlantic seaboard and the Gulf, but it does not help the mat-

ter to becloud it without a clear understanding of the various factors that enter into it.

Mr. ROOS—From Kansas City, representing the Kansas City Millers Club. I wish first to endorse on behalf of the Club, the sentiment which has been expressed by the Millers Committee, that we are opposed to any change in the existing relation of prices in primary markets, and I would wish, second, to speak to what you said in regard to the milling industry retaining the best wheat by paying a premium for it. If the price is advanced at the Gulf, requiring the mills of Kansas to pay a premium for the better grade of wheat in order to maintain it for milling purposes, I can easily conceive of a situation where the Northwest comes through with a very good crop, and they do not wish to draw any wheat from the Southwestern territory after their crop is harvested, where the mills in that section of the country, in order to retain the good wheat, would have to pay a premium for it, while if the Northwest situation remains as it has been in the past, they would not have to pay any premium for their better grade of wheat.

Mr. CLEMONS—Mr. Chairman, I wish to add my protest to all that has been said against the change in the basic price of any of the markets, and I also wish to add the protest of the Oklahoma shippers.

As I view this subject, it would be disastrous to the shippers of the Southwest, and a calamity for the producers. It would be disastrous for the shippers for this reason: judging the future from the past, which is the only way that we have of judging it, if the railroad administration will furnish us cars to ship the wheat that is offered to us, we will have Galveston snowed under with wheat so deep that inside of thirty days from the time we begin to ship wheat it will take them sixty days to dig themselves out. In that case, unless Mr. Barnes would allow us to reduce our buying price, the only thing the shipper could do would be to lock his house. If he did allow us to reduce our buying price it would create no end of dissatisfaction among the farmers. The reason it would be a calamity for the farmer is this: there is not granary or bin room enough on the farms in Oklahoma to store fifty per cent of the crop. If we were obliged to lock our doors, and discontinue buying wheat until we could ship it to Galveston, the farmers would have to stop threshing or they would have to put the wheat on the ground, and in many years

you all know what that would mean. It would mean at least a loss of twenty-five per cent of the wheat in Oklahoma.

Mr. McCLURE—Of Hutchinson. Mr. Chairman, Kansas has an acreage of something like 11,280,000 acres of wheat this year to be harvested. Hutchinson is situated at the gateway of a big part of that acreage, over fifty per cent of it lies west of us. We do not desire to be put in a place where we could not get a sale for our wheat. When Galveston became closed, we would have no outlet whatever, and we wish to protest against any changes that might be made in that at the present time.

The CHAIRMAN—Mr. McClure, have you got the figures now? Your wheat nets you what on the basis of Kansas City?

Mr. McCLURE—I beg pardon, I did not understand your question.

The CHAIRMAN—Have you the figures in your mind? What does No. 1 wheat net you at Kansas City now?

Mr. McCLURE—The rate is 16 cents to Kansas City, 2.20 to Kansas City. 16 cents is our rate.

The CHAIRMAN—That is 2.084, I think.

Mr. McCLURE—Yes, sir.

The CHAIRMAN—How does the Guf on the present price net you?

Mr. McCLURE—The Gulf at the present price out of Hutchinson is 37 cents.

The CHAIRMAN—2.062 at present at Kansas City is 2.2 cents better at the Gulf.

Mr. McCLURE—Yes, sir.

The CHAIRMAN—What you are afraid of is that the Gulf will be about high enough so you would base on the Gulf?

Mr. McCLURE—Yes, and if we could go east if it suited us to do so, it would be all very well; but if it is made so low we would be shut out of everything except the Gulf basis. That country has always shipped a great deal to the Gulf of the lower grades, but the milling wheat hardly ever went to the Gulf.

The CHAIRMAN—I think in this discussion we might just as well take in the next subject, the intermountain situation, if anybody wishes to discuss the intermountain situation at this time.

Mr. GREENE, of Salt Lake—Representing the Utah Millers Association, gentlemen, I am not a miller, but I am delegated to attend this meeting, however, to represent the Utah-Idaho Millers Association, being an ex-agent of the Grain Corporation stationed at Salt Lake, the real terminus of the whole intermountain territory.

I believe if there is a section of the country that is least understood by the Grain Corporation it is the intermountain territory, and perhaps the least understood by other people, for this reason—that it is the tail end of something like six zone territories, embracing a section of the country approximately fifteen hundred miles square, producing perhaps thirty million bushels of wheat. From my section of the country, or that section with which I am most familiar, the Grain Corporation guaranteed to the producers out there two dollars per bushel f. o. b. cars at station in the intermountain territory. This meant at narrow gauge points or at standard-guage points. It directed practically all of this wheat to Chicago, carrying a rate from what is known as the Utah-Idaho Common Point territory of 56 cents, making that wheat 7.6 cents per bushel out of line with the Chicago 2.26. In other words, the Grain Corporation pays for that wheat 2.336 delivered Chicago, as compared with the 2.26 Chicago basis, and technically speaking, as I see the situation, the whole difficulty this morning has arisen over this absorption of the 7.6 cents.

I do not know just exactly how many bushels were sent to Chicago, but presumably not very much—that is, not very many, perhaps seven or eight million, maybe not that amount.

The protest, Mr. Barnes, and gentlemen, that I wish to present in behalf of the Utah-Idaho Millers Association is this: the Grain Corporation has absorbed and does absorb at the present time that 7.6 cents on the shipment of wheat, and they say nothing and have done nothing, and presumably will do nothing on the shipment of flour outside of that intermountain territory.

The miller must absorb that 7.6 cents; in other words, it amounts to approximately 40 cents a barrel. He is corraled, you might say, to the extent that he must reduce his price forty cents a barrel less than the miller outside of the intermountain territory. The millers of that section of the country appeal to the Grain Corporation for consideration of this discrimination,—and it is without any question discriminatory.

The millers have been handicapped from the beginning, and

are handicapped at the present time in finding an outlet for their flour in that section, and ask that the Grain Corporation give them the same consideration, the same absorption on the shipment of flour outside of that territory, as they do on wheat. If it is based upon the Chicago market, well and good, but I am positive that I voice the sentiments of the organization that I appear here representing to-day, that that organization would unanimously voice the opinion of the gentleman speaking from the Southwest, and the various other millers organizations, that the present situation is best, that it would take presumably two months to make a shipment, or at least to get the returns from our section of the country in making shipments to Galveston.

We had agreed all the time from the intermountain territory in making what shipments we did last year. That applied from the territory south of Salt Lake, on the Salt Lake Road, and on the Southern and Western Pacific, and Western Utah, Nevada and California. We were slow in getting permits, although our applications in some instances were slow as many days as ten without getting a word regarding the passing of that permit, we were slow in being able to ship to Galveston. Dealers had permits delayed as long as seventy-five days and three months on cars that were out. Some of the cars were even lost in transit—that is, apparently lost.

So that we feel, gentlemen, that our situation is rather a precarious one, and yet we know that it has caused perhaps greater difficulty than any other one for the Grain Corporation, for the reason that, as I stated in the beginning, its divers conditions are such that there is no one apparently to look after them.

The Grain Corporation officials and the Zone officials who are interested, Mr. Starr of San Francisco, and Mr. Houser of Portland, and Mr. Jackson of Chicago, and Mr. Piazzek of Kansas City. There is a line there of probably twenty-one hundred miles, and no one appeared to take care of that section of the country.

The CHAIRMAN—Mr. Greene, let me ask you what your impression is of the sentiment or feeling which would be created among the producers of the intermountain territory, if the Grain Corporation supplied a market basis in some way within a few cents of the theoretical two-dollar basis and should retire from any absorptions?

Mr. GREENE—The producers without any question in the intermountain territory are unanimous in the belief and in the

opinion that they were assured two dollars per bushel f.o.b. the car intermountain shipping points.

When it comes, Mr. Barnes, to the source of production, that is a factor that I am positive of this year, because of the drought and the poor yield and low yield, that the cost of production in the intermountain territory this year will exceed that of any other part of the country, or any other section, that is, any other comparatively large section in the United States; and if there is a section of the country that is entitled to that two dollars, it is the producer—that is, all the producers in the intermountain territory.

If you lower that two dollars by one or two cents—say, for instance, an out of line haul, or a narrow gauge shipment—you are affecting perhaps one per cent. of the entire wheat produced in the intermountain territory, because perhaps 99 or at least 95 per cent. of the wheat of that Utah-Idaho territory is influenced by the 56 cents freight rate, or at least by a 58-cent freight rate.

The CHAIRMAN—Gentlemen, we have had a presentation of views on these different subjects from twenty-four different speakers. I want the record to be quite full. Are there any others who have not been heard? If there are no others, we will pass those subjects with this statement by the Chair—that any change will be very carefully discussed in our organization, and very carefully considered from every phase, and I think every phase that has now been put on the record.

Are you ready to go to the next item of terminal storage of wheat? Mr. MacMillan.

Mr. MACMILLAN—It seems to me there would be very much less confusion of thought and a saving of time and a better understanding of the problem, if you would for the remainder of the program, follow the flow or natural flow of the wheat from producer to consumer; that is, in other words, take up the country problems first, your inspection problems second, and in that connection discuss the trade agreement after each particular subject is discussed, as the arguments at that time will all be clear and it will save a repetition on many instances of the same feature, and therefore I move you that this meeting should recast its program in order to follow the natural flow of the wheat through from producer to consumer.

The CHAIRMAN—There is one subject on which we want a more general expression than any other feature in the program, and I thought if we interrelated this now with the other subjects

we would slow up the program. My thought was the other day that I did not mean to put that directly into the subject.

Mr. MacMILLAN—Take up the country problem, and while the arguments are still fresh in the minds of everybody, take up the trade agreements in reference to the country dealer. We will save a great deal of later repetition in the same argument.

The CHAIRMAN—Only as to the feeling that covers the country dealer.

Mr. McMILLAN—Yes, sir.

The CHAIRMAN—That is you would suggest unanimous consent to change the program in that manner?

Mr. McMILLAN—Yes, sir.

The CHAIRMAN—Is there any objection, gentlemen?

Mr. OWEN—I do not like to throw any monkey wrench into what the convention wants to do, but I am pretty well satisfied on what we consider in the Northwest a very important matter, namely, I am afraid that if we put the question of terminal storage over, until we have gone through all of the trade agreements, that it will be impossible for me to go into the matter that I have given considerable study to, as I am obliged to leave at five o'clock.

The CHAIRMAN—The suggestion was that we would only take up the grain dealers contract trade agreement, because that worked incidentally.

Mr. OWEN—You would not get into the trade then before you would get to the terminal storage?

The CHAIRMAN—Yes; the suggestion was we would take up in this order, country buying practice, Federal supervision of trades, terminal storage.

Mr. OWEN—That makes the terminal storage the third item?

The CHAIRMAN—Yes.

Mr. OWEN—Of course, if you think that can be reached by three o'clock this afternoon, I would be perfectly willing to have the matter changed, but since the matter of terminal storage is very vital to us in the Northwest, and our wheat comes last, and I think it would be of considerable interest to state about the legislative conditions.

The CHAIRMAN—Mr. Owen, the point is you want to leave this afternoon?

Mr. OWEN—I must leave.

The CHAIRMAN—And you are only interested in this particular matter?

Mr. OWEN—No, I would like to stay as long as anybody here, but I cannot do it.

Mr. GOODRICH—My opinion is it won't take very long on the section relative to the country grain dealers and buying margin. We have a great many men who would like to leave this afternoon.

The CHAIRMAN—Suppose, if there is no other objection, we start on that program, and we will make a place for Mr. Owen to present the storage terminal matter before he has to leave anyway. Then let us take up the heading under the buying practices, general discussion of that subject.

Mr. GOODRICH—Mr. Chairman?

The CHAIRMAN—Mr. Goodrich?

Mr. GOODRICH—Taking the tentative agreement or contract which was prepared for the country grain dealers, I believe they have not very much objection to it. First, as to buying margin, the National Grain Dealers' Association, through its field of state associations, has spent several weeks in gathering data, trying to convince themselves that it was possible to fix a buying margin, but we have got entirely away from that proposition, and believe that no buying margin can be established by the Wheat Director that would be workable.

The data that we have compiled shows conclusively that even in a single state, or within a few miles of each other, the cost of handling grain so varies, that we propose changing, commencing on page 4, line 10, to read as follows:

> "The dealer, in buying wheat from the producer, shall pay not less than the guaranteed price at the terminal most advantageously reached, less freight and other charges, and less a reasonable handling charge. If complaint is made within thirty days of the date of purchase and in judgment of the Grain Corporation the dealer is charging the producer an unreasonable handling margin, and the dealer refuses, after a fair and prompt hearing, to adopt the expression of the Grain Corporation as to

what is a reasonable handling margin, the Grain Corporation and the dealer shall submit the question to the United States Wheat Director for his decision; provided also that if the producer's complaint be denied, the producer shall also have the right of appeal. The opinion of the United States Wheat Director as to what constitutes a reasonable handling margin, shall be binding upon the parties to this agreement."

That is all the change we would make in that section.

Commencing at line 27 of the third section, we would strike out all after line 33, after the word "paid." We are opposed to retaining these samples for any particular length of time. A country elevator, receiving several hundred loads of wheat during the rush of threshing time, would be a burden they could not all assume, and inasmuch as the moisture test enters into the price fixed, or the grade of wheat, it would have to be kept in an airtight container, and probably within thirty days or a longer period, would mold if it contained an undue amount of moisture. If it contained weevils, it would be eaten up. If it contained smut it would get in a very much worse condition. We think it is impracticable, so we suggest the striking out of that clause.

We have one other suggestion, on page 5, section 5, we would strike out this entire section. We believe in accordance with the recommendation yesterday that the practical way to induce the holding of this wheat on the farms and in the country elevators, is by an advance in the price, and at this time I would like to have the opportunity to change our statement just a little.

Yesterday, after the close of the meeting, we had a meeting with the producers and had their suggestion, and to conform with their views, we want to change our recommendation from two cents a month, and we believe it ought to be changed to one-half cent a bushel, each week, as we make our reports each week, and it would be much more advantageous to the country elevators to change it in this way.

The CHAIRMAN—You still leave with the Wheat Director discretion as to when it terminates;

Mr. GOODRICH—Absolutely.

The CHAIRMAN—You do not want any protection as to accumulated stock that may be on hand?

Mr. GOODRICH—We leave that all to you.

The CHAIRMAN—Such as contained in section 5. If section 5 is eliminated you have no objection to the accumulated stock expense.

Mr. GOODRICH—Maybe I have that wrong. This one-half cent a week would take care of that, would it not—one-half cent a week from July 1st?

The CHAIRMAN—Yes; but you are leaving the discretion with the Wheat Director to terminate that. He may feel as if in January, December or February, there is no longer want for an advance in premium, and at the same time, car scarcity or embargoes may throw back your accumulated stock, without any advance in premium.

Mr. GOODRICH—You would never reduce the premium after you once established it?

The CHAIRMAN—No, but you would not get any continued advance. That was why this section was brought in, that you would not lower your former price, with an attempt to protect yourself by wider buying margin.

Mr. GOODRICH—I see. I withdraw that recommendation.

The CHAIRMAN—I think the section—if we take out of section 5 the words "because of car shortage"——

Mr. QUINN—Mr. Barnes, I would like to make a little change in the phraseology of the fourth section. I am using entirely the language written in this section, but simply changing the clause or phrase at the guaranteed price, removing it from near the bottom of section 4, and incorporating it in the section near the front. As it reads now, it says—this is on page 4, beginning with line 38:

"At any time and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase, in accordance with its purchasing rules and customs, at the request of the dealer, all unsold wheat owned by the dealer, whether in store or in transit, except such wheat as has not been delivered to the dealer by the producer, at the guaranteed price, delivered at the terminal or terminals designated by the dealer."

Now, we conceive that the meaning of that section as written, is not very clear, and may be subject to some misinterpre-

tation, especially in the event that a case of this kind should find its way into the court, and it has been rewritten to read as follows:

"At any time and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase" —here is where I make the change—"at the guaranteed price, in accordance with its purchasing rules and customs, at the request of the dealer, to be delivered at the terminal or terminals designated by the dealer, all unsold wheat owned by the dealer, whether in store or in transit, except such wheat as has not been delivered to the dealer by the producer."

I understand that any changes in this contract are expected to be written out, and I have made this change.

The CHAIRMAN—If you please, Mr. Moore will take that. That is, your point on that section 4, Mr. Quinn, is to qualify the——

Mr. QUINN—Just a matter of qualification.

The CHAIRMAN—Now, Mr. Goodrich, on the question of country buying margin, this contract reads:

"There would be no expression of a country buying margin, except on complaint reaching the Grain Corporation Vice-President."

Mr. GOODRICH—Yes, sir; we are satisfied with that, I think.

The CHAIRMAN—And in that case practically each individual circumstance will be investigated and an expression made in that instance?

Mr. GOODRICH—Yes; we want every man to stand or fall by his own record.

Mr. MYERS—In conference with the producers and National Grain Dealers' Associations, their members and a hundred shippers last night, it was wished by the producers, and generally agreed by the country shippers, that we might like to have inserted on page 4, these words, following the words "shall pay without discrimination between locations where conditions are similar." Making it read, "The dealer shall use his best and honest judgment to determine the," and so forth, "on all wheat bought by him from the producer, and shall pay without discrimination, between locations where

conditions are similar, therefore, the proper price, based upon such determination of grades and dockage."

And it was thought that those same words should be inserted on page 12, line 7, in the millers' contract.

The CHAIRMAN—It will be understood, without leading into discussion of the miller's contract, that where the miller performs the same service as the grain dealer, the wording of the contract will be made identical. I wish you would elaborate, Mr. Myers, please, just what conditions you have in mind to meet by that addition?

Mr. MYERS—There are on record, as a result of last year's operations, probably from points in Kansas and in the Northwest, where mills and other companies, operating a line of elevators, have been able to discriminate unfairly and unfavorably to farmer's elevators and to individually owned houses, and it was the thought of those in conference that where conditions were similar and where it could be done without—shall I say too much policing—that discrimination should not be practiced; that the price should be the same at stations where the conditions are similar, recognizing of course that it is necessary for every man in business to meet fair competition, but it was not felt by those in conference that the competition had always been fair.

The CHAIRMAN—Well, Mr. Myers, the suggestion has been made to us that in this third clause, on page 4 of the contract, there is no provision for a final decision as to whether the dealer was exercising proper and honest judgment, and his statement that he was using his honest judgment closed the case. To meet that condition I would like to ask Mr. Shattuck to submit an amendment, as we have phrased it, and see if it covers some of the points in your mind.

Mr. SHATTUCK—Well, this suggestion to change, to meet that condition, combines section 2 and section 3 on page 4. The dealer, in buying wheat from the producer, shall purchase on the proper grade and dockage, under the Federal standards, and shall pay therefor not less than the guaranteed price, based on such proper grade and dockage at the terminal most advantageously reached, less freight and less a reasonable carrying margin.

If on complaint and after investigation the dealer is, in the

judgment of the Grain Corporation, charging the producer an unreasonable handling margin, based on such proper grade and dockage, and the dealer refuses to adopt the expression of the Grain Corporation as to what is a reasonable handling margin, the Grain Corporation shall submit the question to the United States Wheat Director for his decision. The opinion of the United States Wheat Director as to what constitutes a maximum reasonable handling margin shall be binding upon the parties to this agreement.

Then follows the same language in regard to the dealer keeping a record and keeping samples.

The CHAIRMAN—That is, the effect of this re-written clause is to combine both the question of grade and dockage and country price in the appeal to the Wheat Director finally.

There are certain other details suggested by Mr. Goodrich that I want to take up later, but on that main question are you satisfied to combine them in that way, so that the question of whether the buyer is paying a proper grade and dockage is submitted to the Wheat Director on complaint?

Mr. THOMPSON—Mr. Barnes, speaking for the producers, we are satisfied to leave this to the Wheat Director, providing that the producer, in case the Grain Corporation should decide adversely, from the standpoint of the producer, that the producer may then have the same right of appeal that the dealer has, and may approach the Wheat Director himself. We would like to have established a point of conduct from the producer direct to the Wheat Director.

The CHAIRMAN—That, Mr. Thompson, has always been the reason it was not specifically stated in the contract, was because the contract was only between the Grain Corporation and the dealer, but at all times the producer has the same right of appeal.

Mr. THOMPSON—Do you wish to conclude on this particular point now? There is one other matter that I want to speak of a little later on.

The CHAIRMAN—Might just as well bring it up; they are all related.

Mr. THOMPSON—That is relative to this: I say we are agreed to let this decision of the referee, by the Grain Corporation and the Wheat Director, on individual points, and are agreed with the resolution or supporting the resolu-

tion presented, or the amendment as presented. We want to impress upon your mind at this particular time a recollection of the situation that existed, or grew up in Illinois last year, on which occasion in your judgment a proper reimbursement to farmers, buying grain of dealers, of something better than $300,000 in Illinois—in the northern part of Illinois—and the total for the state of perhaps six hundred thousand dollars.

You stated a definite margin last year of eight cents. One of our good farm papers, "The Prairie Farmer," has inquired of some—of all the farmers' elevators in Illinois and has received replies from about 115 or 120 on this question, as to whether or not 8 cents, plus freight, was a sufficient handling charge. On that point 55 or 56 of them, handling an average of about 25,000 bushels per year, agreed that 8 cents, plus freight, was a sufficient margin. 59, I think, stated that it was not enough margin. They would have to have—I think their average figures were 10.6 cents handling charge, plus freight. I wish to emphasize at this time in your mind, and in the mind of the country dealer, that the farmers of Illinois do not wish to tolerate any excessive charge. We believe in all fairness you will regulate individual cases, and are willing to leave it that way, without a definite expression of what that excessive charge might be, except upon complaint. I would like to emphasize that point, because some of the elevators in Illinois have stated that if a definite charge were set—handling charge were set, they would not buy farmers' wheat, and it is in order to bring that point before you, that I have thus emphasized this particular point, that we agree in full with the amendment, as offered, on the point made by Mr. Myers, that we wish to concur heartily.

Mr. HORNER—My name is Horner of the Illinois Grain Dealers Association. I wish to refer particularly to the buying margin, and to say that the Illinois Grain Dealers Association is heartily in favor of the contract, as drawn. We recognize that the diversity of cost, or expenses, as you might call them, of handling wheat, is so great that no fixed margin can be established which will not afford an opportunity for an undue profit, perhaps by low cost or low expense houses, and will not—at the same time would not eliminate the opportunity for some other house to make a proper margin of profit. We feel that the word "reasonable" is the only word that is proper to be used, to describe the margin to which a country grain dealer is entitled,

but we think to avoid, perhaps some trouble and confusion that occurred in the past, that it might be well to qualify this a little bit, and know that we have a correct understanding and intention of the Food Administration, which I think we have.

As we understand it, it is the intention to let competition govern the margin of the country grain dealer in the 1919 wheat crop, except in instances where complaint is made by the producer, or by the customer of the country elevator dealer. In that case, that complaint would go to the respective Zone agents, and it would be decided by those Zone agents, on the basis of affording the individual country dealer, a fair—and we are willing to leave what should be fair to the Zone agent—net margin of profit to the country dealer, and it will only be on the individual cases. I also understand that it is not the intention of the Wheat Director, this year, to establish any blanket, fixed margin at any time, and we understand if that decision should be changed, and the Wheat Director should decide to establish a fixed margin of profit, that it will not be retroactive.

The CHAIRMAN—You understand that the expression of the Grain Corporation and likewise on appeal of the Wheat Director, is only as to a maximum margin? He cannot attempt to say what is a fair margin for you to have, if competition comes into play, nor does he undertake to set a measure for that competition, only an expression as to the maximum in protection of the producer in whose interest the whole guarantee was framed.

Mr. HORNER—To make myself a little clearer, perhaps, my idea is that when a complaint is made against an individual dealer, that case comes up before the zone agent, or some representative of the zone agent. He decides that case on its merits, purely and simply as an individual instance, and it is up to the grain dealer to justify the margin that he is taking from the producer, but in considering that, the grain dealer is entitled to a net margin over his cost of handling, as he may produce his figures, subject to the approval of the zone agent.

What that fair net margin should be, I am willing to leave to the discretion of the zone agent.

Mr. HAYWARD—Just a word about the necessity for the retention of samples. As buyers of wheat in considerable quantity, if there should be any considerable retention, it would create a situation which would be inconvenient. I merely want to say that I do not want to go on record as saying we could

not retain samples for sixty days, or even a longer time, if it should be necessary, but that it certainly would be very inconvenient.

The CHAIRMAN—Would you think thirty days objectionable?

Mr. HAYWARD—I think the necessity for retaining samples thirty days would not be too long a time.

Mr. GOODRICH—At a conference we had last night, discussing this very question, it was suggested by one of the producers that the dealer might be required only to hold those samples on which there was a controversy.

Persons who never ran a country elevator don't know how impossible it would be to keep this line of samples thirty days, or even sixty days, but where there is no controversy, where the country dealer feels like he has had absolute justice, what is the sense of keeping a sample thirty days, or thirty minutes, if he is satisfied?

Mr. HINCKE—My name is George E. Hincke, representing the Southern Illinois Millers Association. We feel, Mr. Barnes, that it is almost a physical impossibility for us to keep these samples sixty days, and I do not see any reason why they should be kept at all; as the gentleman just before me has stated, there is no dispute, why cannot the farmer make his complaint right then and there, and in that instance have us retain the samples as long as is necessary, but why keep all samples? I represent millers who buy almost the entire wheat supply from farmers. We will have several hundred wagons a day at our mill door. Besides this, they drive up to the elevators at country points that we have, and to keep samples of the wheat that are specified in this section, would be almost a physical impossibility for us at some of our country points especially, and I cannot see why there is any need for it.

The CHAIRMAN—Even when it is limited to just that?

Mr. HINCKE—Yes; we might have a lot of that wheat to buy, and if the farmer is satisfied, why is there any need to keep a sample? Why cannot he make his objection and his complaint right then and there, and having kept the sample sixty days, would it be a fair sample after that time?

Mr. BELL—In view of the similarity of this clause and the clause in the miller's contract, the millers' committee wishes to

point out the impracticability of maintaining samples, as suggested in this third clause, and suggest that in place thereof the miller be required, or the dealer be required to maintain or to hold samples on which a dispute has arisen as to the grain, and that those samples should then be sent forward, in proper containers, to a zone office of the Grain Corporation from which this purchase was made. We feel that it would be entirely impracticable. This clause makes it incumbent upon us to take samples of everything, regardless of whether or not a dispute has arisen. We feel that where a dispute does arise, that means of adjustment should be secured and lodged with the Grain Zone Office, whose decision in the matter will be binding.

Mr. HUTCHINSON—My name is Hutchinson, representing the Indiana Grain Dealers' Association. We want to go on record as opposing the keeping of the samples, for the reasons indicated by the gentleman who just spoke; we do not object to keeping a record of the purchases and the name of the producer, with a record of the reasons for grading it down, but we feel from a producer's standpoint that it would be objectionable to keep these samples, especially on sample wheat or wheat that is weevil infected, or that is heavily loaded with moisture, because the sample in thirty or sixty days would not represent the condition of the grain at the time it was received, and we cannot see any good reason for the added trouble and expense of keeping these samples in this manner, and we feel that we could get the same result by keeping a record of them.

Mr. HORNER—Just to give a concrete instance of the burden that is placed upon a country grain dealer, I had one of my agents figure up the number of samples that he would have had to retain last year, during the months of July and August. That station, during those two months, handled approximately ninety thousand bushels of wheat. He had exactly, by actual count, 921 wagonloads of wheat that graded below No. 3. He would have to retain them for 60 days, 921 samples, in moisture-proof containers, and even in moisture-proof containers the identity would not have been established. I do not think the country elevator trade has a monopoly on honesty, and there are probably some country elevator operators who are not, and it is only to those to whom this would apply, but the identity of those samples would have to be preserved, and would have to be proven.

Now, if the country elevator operator is dishonest, and deliberately misgrades this wheat, which as I judge the object, to

check up, won't that same dealer manipulate the identity of those samples? On the other hand, if there are country dealers who will do that, are there not farmers who will do the same thing?

If there is a controversy, won't the farmer also retain a sample? Are there not some farmers who might manipulate their samples? At any rate, the samples would not be drawn at the same time, or by the same person. They would not be identical. We all know the difference in samples that can be obtained, from even one wagonload of wheat, or one carload of wheat, and it seems to me that it would be absolutely necessary, before any action could be taken on one of those samples, that its identity should be proven, to say nothing of the burden of the time and trouble to the country elevator operator. Usually a country station is handled by one man. He does the weighing and the grading. It will just place an extra burden upon him to take a sample, and put it in a moisture-proof container, and probably label that and properly file it. Those instances where I cited, where there were 921 loads, probably a great many days there would have been over fifty samples he would have had to retain in a single day. I think it is an unnecessary burden, and that you can accomplish nothing, and that it will only lead to controversies.

Mr. McCLURE—Mr. Chairman, it seems to me it would be almost a physical impossibility, out there in Kansas, to keep the samples. I have had many a time in one day, five hundred loads of wheat going over my scales during the day, and for one-quarter of it, which would probably be below the No. 3 grade, we would be obliged to keep a sample from each of those wagons, and then agree with the farmer on the sample, and keep one for him, or have him keep one, and we would have to go into combination with the lumber company, to build some place to keep all of these samples by the time we had them about sixty or ninety days; so it seems to us, as far as Kansas is concerned, it would almost be impossible for us to keep all of those. When a purchase is in controversy, we would be glad to keep them.

Mr. MYERS—That question in the discussion of disputes, came up last night while we were talking, and this thought was suggested, that the buyer in nearly all cases says to the farmer, "I will give you so much for your wheat. If you don't want to take that, I cannot use your wheat." Now, of course, that is all right. If there is a farmer's elevator across the track, he can take it there, or if there is real competition, in other words, but

it seems to me that in deciding this matter, the most careful attention must be given to the question, when a dispute arises, or the man who has his grain to sell ought to have some recourse, it would seem. He ought not be told he must take his wheat home, because they could not agree on the grade. There ought to be a way to take that wheat in and move it out, and not browbeat the man who has his wheat to sell into an agreement because he has no recourse. This sampling of all the wheat that comes in, certainly would be burdensome for farmers' elevators, the same as any other elevator, but the question of just how to get at the grain which is in dispute, should be brought—should be pretty clearly defined, it seems to me, for the welfare of the producer and just what he is to do about it.

Mr. CLEMENT—My name is Clement, representing the Texas Grain Dealers' Association. I heartily concur and agree with all those who are opposed to keeping the samples, and in order to clarify this proposition and to arrive at a method that will give the farmer the protection that he deserves and should have, and the grain dealer the protection that he deserves and should have, I would suggest that our contract incorporate the provision, that in the event the farmer is not satisfied with the grade, no matter what the circumstances under which the wheat is received by the dealer, that a sample be taken by the two, the farmer and the grain dealer at the time, and that sample immediately forwarded, either to a Federal inspector at some market near to each of them, or the Zone Agent, and let him decide on the grade. That could be easily arranged, and the farmer could take whatever the grain dealer agreed for his wheat, on the day it was accepted, and if there was any difference, the grain dealer could have it provided in this contract that he should protect the farmer accordingly.

The CHAIRMAN—That is your suggestion as to all grades?

Mr. CLEMENT—Yes, sir; I think if there is any reason for providing protection for the farmer, it is just as much on No. 1 and No. 2 as on No. 3 and No. 4. I think he should have ample protection in every grade, and if there is any reason for giving him protection in the lower grades, there is just as much reason for giving him protection on the higher grades.

Mr. RILEY—I want to concur in the suggestion just made by the gentleman from Texas. I feel that there is no kind of a sample that is of any value at all, without it has been agreed

upon between the parties at interest, or taken by a disinterested party, like an inspector at a terminal market or elsewhere.

Then I believe if there is any controversy, it is liable to develop on No. 1, No. 2 or No. 3, as on an inferior grade. Hence the question of sampling should apply to all grades, and let it be distinctly understood where there is a disagreement that the parties shall then and there take a sample, and if either man refuses—for instance, if the grain man would refuse to join in the preparation of a sample, of course the other party must not be deprived of his rights, or the reverse condition, but the sample should be jointly agreed upon. It should apply to all grades of wheat, and only taken and only used in case of controversy. I think our people would be entirely pleased with that.

Mr. HINCKE—We have no objections at all towards submitting our grading of the wheat to anyone you may appoint. It is the question of saving a sample sixty days that we object to. We want the objection made then and there, and the sample submitted at once.

Mr. BARLOW—It is the duty of our association to try and establish proper relations between the producer and the country dealer, and having been myself in the capacity of both, I think that what I say must be in absolute fairness to both the producer and the country dealer. I would hate very much to go back to the state of Illinois and inform the manager of the farmers' elevator in that state that I had gone on record advising holding these samples sixty days, because I know the managers would be up in the air, and I do not think the producers would insist on it; so I would like to go on record as opposing this plan of requiring the dealers to hold their samples for sixty days.

Of course, as has been stated by the producers, it has been suggested that the samples might not be kept, unless there was a dispute. Now, the question comes up, how are we going to decide whether there is a dispute as to a grade? I might offer a suggestion here that after the conclusion of paragraph three, on page four, line 37, that the samples should be kept for sixty days, and add at the end of the line, " unless the farmer signs a relinquishment of his claim to recourse." (Laughter.) Let every dealer just keep a sheet here, on which the farmer comes in to settle up, and when he does that, that is evidence there has been no dispute, and it will save the manager the trouble of keeping these samples. In the territory where I operated a country elevator last fall, every farmer was urged to sow a patch of wheat,

and no doubt there are a hundred farmers in that community who have sown a patch of wheat. Each one will deliver from two to three hundred bushels of wheat to the elevator. This will require keeping two to three hundred samples of grain, which would be very burdensome to the dealer. Now, as was suggested by the Wheat Director, this only provides that grades under No. 3 should be retained, but if the weather happens to be bad and you have any grades in the neighborhood that are under third, practically all of it will be under No. 3, and if you have any that grades No. 1 and 2, practically all would be No. 1 and 2, and if it be put in operation at all, it would have to be put in operation on all the grades.

In regard to paying margins, I would say our association is in accord with the suggestion that has been made, that this buying margin should be stated as in the contract, a reasonable buying margin.

Mr. HAYWARD—Mr. Chairman, I shall be very, very glad indeed, to see the suggestion which was made, adopted and considered. I said I thought perhaps thirty days might not be unreasonable. On further reflection I can see no reason why an appeal should not be had in 15 days, rather than thirty days, or ten days maybe.

It would be my idea to have it the shorter time. I understand from the agreement as it is drawn, that the producer has full protection for his price, based on everything above No. 3, on the established price for those grades.

The CHAIRMAN—I am just thinking out loud. The idea of suggesting that the sample be saved for sixty days, instead of being confined only to those samples on which a dispute was reported, was that the producer himself did not always have the knowledge of his own production, and I think that requires some provision.

Is this a practical suggestion, that this clause in the contract be reframed, very evidently in accord with your sentiment that only those samples should be submitted on which there had been an objection?

Mr. HAYWARD—That would very easily meet with my approval. Of course, this situation does arise occasionally: we would be tendered the wheat, not by the owner in person, but by some employee, who would not be in position to decide the case for his employer, so in that case I think we would ourselves prefer to keep a sample.

The CHAIRMAN—Let me go a little further; and that this clause, stating plainly the protection that the producer has in the grade, should be reproduced on a card and posted prominently in every buying elevator, so that every producer who hauls grain there has the knowledge of the protection which is accorded. Is there any object to that? Would that carry to the producer a proper knowledge of his protection, do you think?

Mr. THOMPSON—Mr. Barnes, I had contemplated speaking on that question. I would like to ask one question: Is there some place to which the farmer, before he brings his wagonload of grain to town or to the elevator, might send a sample for some indication as to what the grade of his grain is going to be?

The CHAIRMAN—We always have extended that facility.

Mr. THOMPSON—I think that that information should be put out to the producer in some way, such as you have in mind, and to cover another point Mr. Myers brought out, the wagonload of grain might be sent back, we would like to have some assurance that in case there is any competition at one point for this grain, and a dispute arises on the grade of the grain, that the farmer won't have to be carting his wheat back and forth between the elevator and the granary, while this dispute is being adjusted.

The CHAIRMAN—I think that is clearly understood, that the dealer will take in this grain and settle for it on the final decision.

Mr. GOODRICH—I do not believe we exactly agree to that question. Suppose the wheat came in, shipping wheat, and we had no place to put it, then the farmer could handle it a good deal better than the country dealer.

The CHAIRMAN—I assume the dealer is executing this contract in good faith and will extend his facilities.

Mr. THOMPSON—I assume that, too. I want to say, in the meeting last night, it was not entirely agreed that the clause inserted in line 19, section 2, page 4, which limited the time of making complaint to thirty days, should be inserted. It was talked over, and the question in the mind of the producer is, that perhaps a man has a complaint then, is there justice—or if he has a right to recourse within thirty days, the same justice should prevail within forty days or fifty days.

A case is just as just in two months from to-day as it is one month from to-day.

Mr. MEISCH—My name is Meisch, Mr. Barnes, representing the National Council of Farmers' and Grain Dealers' Association of Minnesota. I believe that thirty-day proposition is an injustice, and I cannot see why it should be on No. 3. Why not on all wheat? Now, the farmers of Minnesota and the Dakotas, are not waiting thirty days or sixty days to make up their mind whether that grade is right or wrong.

The farmers in the Northwest, if you bring in a load of wheat, and they are not satisfied, and think you do not give them justice, they will say so right at once. They have made up their mind; they know what their wheat is, and if the grain men of the Northwest were compelled to hold samples of grain, where we do a big grain business, I want to say they would have to keep an extra man or two. That would add to the cost of handling the grain. It appears to me as though there ought to be a chance for a protest, and that ought to be given at once, and if it is a question of samples should be kept, where there is anything in question, I do not believe in waiting for thirty or sixty days, to wait until some adjustment comes in, and tell some farmer you didn't have a square deal. That does not agree with me. I know that the farmers of the Northwest will protest at once, and I do not see why it should go any greater. If a man is not satisfied with us in the State of Minnesota, he has a chance to send it to our Board of Appeals or the State inspection. He can find out what the grade on that grain is, and whether the elevator man is using him right or not, and I do hope that that will be cut out—that is, this keeping of samples. It surely would work a hardship, and I am perfectly willing to deal with the Grain Corporation, and I think they will see the injustice of forcing any keeping of samples.

Mr. EIKENBERRY—If you will permit me, as a practical operator of country elevators. I heard the gentleman speak a few minutes ago about the report from certain elevators that eight and ten cents a bushel for handling grain was a fair proposition. If you would attempt to take any eight and ten cents from Minnesota and North Dakota, the agent would not last long. We believe that every man should make a profit, but we don't believe in the holdup game, and that is what we would call it out there, because our elevators do an elevator business. They don't handle 25,000 bushels. They go from fifty to four hundred and fifty and five hundred thousand bushels.

So the volume of business has considerable to do with that,

and it would seem to me it would be a pretty hard proposition to set any definite price that would have to be looked into very carefully. In our town we have a farmer's elevator that handles all the way from two hundred and fifty to three hundred or four hundred thousand bushels of wheat. We market from a million to a million and a half bushels of wheat there, in one little town; so if they attempted to take ten cents a bushel, the farmers would kill the elevator agents.

The suggestion which I wish to present is this: That the last phrase in section 3, page 4, beginning with line 31—part of line 31—to be changed to read somewhat as follows, and I will ask permission to submit this in writing. It now reads that "the dealer shall keep a record showing all purchases, name of the seller, date, quantity, grade and dockage fixed and price paid; and on all parcels of wheat graded lower than No. 3, Federal standard, the dealer shall retain a sample, properly identified, for a period of sixty days after purchase, and these records and samples shall be open to inspection by the Grain Corporation at any time."

I should suggest for your consideration that this be recast, as follows:

"The dealer shall keep a record, showing all purchases made, name of the seller, date, quantity, grade, and dockage fixed and price paid; and on all parcels of wheat on which a dispute shall have arisen," and that might be amplified—"dispute as to the price, or as to grade"—"on which a dispute as to grade shall have arisen, a sample shall be drawn jointly by producer and dealer, and forwarded in an air-tight container to the zone agent, for use in the determination of the dispute."

This follows somewhat the line of determination of dispute that is prescribed in the grain standards—the regulations making effective the grain standards act, except that that provides for the drawing of the sample by disinterested parties. That could easily be applied in this case, if the dealer and the producer could not agree upon the sample, but it is to be presumed that in most cases they could agree upon the obtaining of a sample that would be representative of the parcel of wheat that was in dispute.

The CHAIRMAN—I assume, Mr. Eikenberry, you can tell me out of your experience that most of these differences would be honest differences of opinion, and that the producer would be perfectly satisfied if the dealer stored the samples?

Mr. EIKENBERRY—I think so. It could be done in the presence of both.

The CHAIRMAN—It is necessary to provide for the very case in which the producer suspected the dealer.

Mr. EIKENBERRY—Well, if he does, and the sample could be drawn and placed in a container, and placed in the mails in the presence of both of them, there is no reason why the whole transaction could not be completed, so there would be no cause or danger of deception.

I think the suggestion of Mr. Clement of Texas, was a very practical one. There might conceivably arise a dispute as to the wheat—whether it was No. 3 or not, then the dealer might well be in doubt as to the necessity of retaining a sample.

Mr. TAYLOR—My name is Taylor, from Indiana. I want to say with reference to the farmers of my State, I am satisfied that they would be satisfied to have samples taken of all the different grades. I cannot understand why any particular grade of wheat should be retained for anything like thirty or sixty days. If the farmer is not getting what he thinks he ought to have, he is pretty likely to say so. In the event of dispute, I think samples ought to be taken and sent immediately to the Grain Corporation for their final decision.

That ought to apply to all grains, and so far as samples being taken are concerned, if samples are demanded, and there is any dispute, I believe a third party ought to be asked to come in and select a sample, and let it be sent at once. So far as I can see, there is no reason whatever for retaining these samples for thirty or sixty days.

Mr. EIKENBERRY—I make this suggestion, that there should be a printed statement at the elevator of each licensee, giving the farmer information as to his rights and his protection on this market, so that that would provide the way for a settlement of these disputes and he would have acknowledge of his recourse.

The CHAIRMAN—You will develop your suggestion and submit it in writing?

Mr. EIKENBERRY—I shall.

Mr. KINNEY—I think the suggestion that a copy of the rules and the orders governing the receipt of grain at country elevators, should be posted. I think that is one of the very best suggestions that has been made. I think there ought to be a

limit to the time for any complaint, and when these posters are provided, that they should limit the time of complaint on the part of any farmer or person delivering grain to the elevators, to an extreme limit of ten days from the date of delivery. I think that the matter of the grain could be submitted to the supervisor of grains under the Agricultural Department, at the different stations, which would be very much nearer, and it would take a great burden off the shoulders of the regional director. I have some sympathy for that gentleman, and I believe that he would have to have a warehouse built in a very short time, to take care of the samples that would come out of some of the districts that might be represented by him. I think that the keeping of samples would be almost an impossibility, when you would undertake to keep them from all of the receipts. I happen to operate a few hundred elevators myself, and we very frequently get in as many as a hundred loads or more—wagon-loads or more a day, and frequently they come from as many as fifty different farmers.

The farmer does not need any particular protection in our section with reference to his grade and his prices. He knows within a cent a bushel what he ought to have for his wheat, or thinks he does, and when he comes to our elevator for the prices, and the terms don't exactly suit him, he drives right on over to the next station, which is only two or three miles away, and I think that is the case in practically every station in Indiana. So I do not believe the farmer could be imposed upon anywhere in my State, and I believe that ten days would be the limit, and I believe if the question of a controversy should come up, it should come at the moment the delivery is made. We cannot receive wheat and take it into the house and keep it ten days, or two or three weeks, and then have a farmer come in and say, "I am not satisfied with what was done three weeks ago."

We cannot do that in the carlot business, and I cannot see why it would be any more practical in the wagon business.

Mr. DEWEY—Speaking as a miller, and also as a grain dealer, operating a line of country elevators, I want to go on record as favoring the plan of only taking samples in case of disputes. I think those samples should be immediately sent to a designated person or place, and that the dealer and producer should know, soon thereafter, the result or the decision arrived at by the person receiving the sample.

I think it would be unfair to the dealer to have to wait any

considerable length of time to know what situation confronted him. He needs the information at once, in order to conduct his business intelligently from that time on.

A few moments ago a gentleman across the room intimated that elevators and millers should receive all the wheat that comes to them, at a price, and practically regardless of its condition or grade. I wish to take particular exception to that statement, not only because it is unbelievable, but because it is unreasonable, and, in my opinion, it is a plan which might result in very material loss to the general interests of the whole country.

To illustrate, farmers many times wish to thresh grain after a rain, before it has had time to dry out. It comes in out of condition. If they had waited a day or two, the wheat would be in condition and there would be no dispute. It seems to me very unreasonable to ask the miller to assume the burden of conditioning that wheat. I think he is the man who should have the last say, whether he accepts the wheat or does not. He will be sufficiently guided by the competition.

Before sitting down I want to ask one question: When these samples are sent to the zone agent I would like to ask whether they are sent merely for the purpose of establishing grade or also to establish the market value of that wheat, in comparison with a guaranteed price?

The CHAIRMAN—Well, if a sample is a sample of wheat it necessarily reflects at once into an expression of a fair price.

Mr. DEWEY—Well, I should say if it is sample wheat there is no necessary reflection. If it is one of the grades, Nos. 1, 2 or 3, then it would be reflected, but in case of sample wheat, what then?

The CHAIRMAN—I think our vice-presidents will be called upon to express an opinion regarding the price of that wheat to be paid the producer, or they could not discharge the control of grade and buying margin as well.

Mr. SEARLE—If it is in order I would like to ask what would be the attitude of the Wheat Director, or the Grain Corporation, in the event that at one section the country should produce a grade that might be seriously damaged, so that a large proportion of it would grade No. 3 and perhaps lower, whether under that condition they would adopt a price upon the basis of the higher grades—that is, a definite difference

for the grades Nos. 4 and 5, or whether that would be handled as it has in the past, and a price—proper difference adjusted as the grain reached the market.

The CHAIRMAN—I think we will have to meet that, Mr. Searle, according to the quantity of damaged wheat.

Mr. SEARLE—At the time? Do I understand that if that question arises will it be definitely settled as to whether a definite, fixed difference will be adopted for the grades below No. 3?

The CHAIRMAN—I can conceive it might arise, yes.

Mr. SEARLE—The thought I have in mind here is that that very fact would have quite a material bearing upon what might be termed the reasonable margin—the reasonable margin for buying Nos. 1, 2 and 3, might not be a reasonable margin, when the risk is taken into account of buying the lower grades.

The CHAIRMAN—I think our vice-presidents will have that fully in mind at all times.

Mr. SEARLE—While I am on my feet, then, I would like to call attention to the fifth clause of the contract, what appears to me might be a chance of misconstruing the section, and would suggest that on line 17, after the word "effective," the balance be stricken out, and the words " during the period of such advancing premium " be substituted. As it now reads, it appears to me that there might be a difference of opinion as to whether the seven-twentieth of a cent per bushel is to become effective—whether that would have been effective in the event that after a period of congestion, the advancing premiums became effective, because it reads that after that has become effective, until such advancing premium is discontinued, by an announcement of the Government, the seven-twentieth shall not be effective. Do I make that clear

The CHAIRMAN—Yes; we have your idea of that. You think it should be put into effect anyway, either before an advance in premium or after.

Mr. SEARLE—Yes; if it is going to be effective at all, it should.

Mr. MYERS—Mr. Barnes, a practical question on the operation of these samples. In case a section of the country should require a great many samples to be sent to the zone agent, no

doubt considerable time would elapse before they could be inspected and returned.

I wanted to ask if it is the opinion of the Wheat Director, if a sample would be a fair sample, no matter how carefully taken, at the expiration of thirty days, and in an air-tight container? Would it be fair to the producer, for example, or would it not deteriorate?

The CHAIRMAN—Well, we had that question measurably during the operation in 1917, but it was only as to car lots. Many car lots of wheat went from dealer to miller that never went to a terminal market, and the basis of that settlement was on the expression of our vice-presidents as to the grades. Now, I can see that we would have to build up a very much larger organization to pass on the samples, wagon-load purchases, and I think before I burden our vice-presidents with that expansion of their duties, I had better hear from them. What do you think, Mr. Piazzek?

Mr. PIAZZEK—The amount of work that has been imposed upon us seems almost insurmountable. I imagine it can be done physically.

The CHAIRMAN—Mr. Jackson?

Mr. JACKSON—I think it can be done, but I do not see the necessity of it, because a sample of it after thirty days is not of great value.

The CHAIRMAN—Passing on the sample on immediate receipt.

Mr. JACKSON—I think we could do that without trouble.

The CHAIRMAN—Mr. Carey?

Mr. CAREY—I think it could be handled very satisfactorily that way. They did have a good many samples during 1917. Had no trouble getting out prompt returns on them.

The CHAIRMAN—Mr. Houser?

Mr. HOUSER—I do not think there would be as many complaints if they knew the thing was being looked after. I think the very fact that they knew the vice-presidents would look into it, would do away with any abuse.

The CHAIRMAN—Mr. Starr?

Mr. STARR—I think it could be done, Mr. Barnes.

The CHAIRMAN—Mr. Lang?

Mr. LANG—Mr. Houser sounds the keynote. As far as St. Louis is concerned, we will undertake to do it.

The CHAIRMAN—I have in mind that it might require the extension of the Vice-Presidents' organization, with possibly the establishment of State officers for this very purpose, but those are mechanics that we will solve, if that is the way to handle it.

Mr. EVANS—Speaking for the millers of Indiana, I would like to submit the form substituted in that contract, bearing on this particular point, bringing out minor points that have been mentioned. We ought not to put in the situation anything that will tend to aggravate or cause any additional trouble, and, therefore, if the farmer objects, he should bear the expense of the particular form of objection. This has not been provided for in any suggestion that has been made—also along the line of your last suggestion, the samples might be passed upon merely by the vice-presidents or by local agents, not State agents. The local inspector, he could pass on the matter. My suggestion is in this form:

> "And on all parcels of wheat at the price agreed, or on which the producer objects on delivery of the wheat, a sample properly identified shall be drawn in the presence of the purchaser or dealer, and deposited in their presence in the mail or proper receptacle, at the expense of the producer, addressed to the designated agent of the Grain Corporation for that particular region, the decision of such agent to be final, subject to such review as may be arranged for by the Wheat Director."

The CHAIRMAN—Will you submit that in writing?

Mr. EVANS—I will. The samples that were submitted last year have been alluded to and were supposed to be sent in immediately, and decision on those samples was made, presumably at once, so as to have a minimum amount of depreciation. In case of wet harvest, that would be desirable. Wheat that was high in moisture would change very rapidly in that respect, and the sample in five or ten days would not represent the sample at the time received. Therefore, whatever arrangements are made, it should be borne in mind that the great test of the thing is the matter of time.

Mr. EIKENBERRY—Do you desire this read now?

The CHAIRMAN—Yes, suppose you read your suggestion, in detail.

Mr. EIKENBERRY—I have recast the third article in the agreement of the draft for elevators' and dealers' agreements, to read as follows, and in doing this I have tried to simplify the process as much as possible:

> "The dealer shall use his best and honest judgment to determine the proper grade and dockage under the Federal standards on all wheat bought by him from the producer, and shall pay therefor the proper price, based upon such determination of grade and dockage.
>
> "The dealer shall keep a record, showing all purchases, name of seller, date, quantity, grade and dockage fixed, and price paid, and on all parcels of wheat as to which a dispute shall be drawn by a producer and dealer and forwarded in an air-tight container to the zone agent for his use in the determination of the dispute."

In speaking to this, I should suggest that the process be made as simple as possible. I remember the Ohio farmers are very much the same as the farmers represented by these gentlemen here. If there are any two things a farmer dislikes to do, it is to sign, and to sign a release to the dealer would still be worse, it seems to me, of these two remedies. Growing out of my experience as a practical dealer, dealing with farmers, it would be impracticable, and would work a hardship on the producer that is not within the spirit of the act, as I understand you wish to protect the producer without expense to him.

Mr. THOMPSON—I would like to speak in support of the suggestion, in case the farmer is not required to pay the postage on the sample, that the dealer be required to keep the air-tight containers in stock and furnish them; that they have the village marshal accompany them to the post office.

Mr. BOSSMEYER—We want to support Mr. Eickenberry's solution to the question and say we are willing to not only furnish the air-tight container, but pay the postage too. We want to facilitate matters with our farmer friends as much as possible, and to get a fair expression of what their wheat is worth, but we don't want to retain a lot of samples sixty days. It is out of the question.

Mr. BOWLING—The question has been discussed as to the grade—determination of grades on the lower qualities of wheat. The question arises in my mind, and I would like to ask information what disposition is to be made of these grades, after the vice-president has passed on them, in the event their decision as to price is such that the dealer or the miller cannot use the grain? Is the Grain Corporation going to take that grain, after the vice-president's decision? Will the Grain Corporation relieve the dealer of that quality of grain on the vice-president's opinion and grading, when that grading is contrary to the interests of either the dealer or the miller, who, as I say, figures he cannot use it? We often do get grades that are not adaptable for the purpose of the localities. It will not stand shipment. It will not stand storage. What is to be done with it?

The CHAIRMAN—He cannot have his cake and eat it too. If he is going to entrust the decision of these disputes to the vice-president of the grain corporation, he must abide by the determination.

Mr. BOWLING—As I understand it, this is to be made obligatory upon the dealer as well as upon the producer, and, therefore, the burden will come back upon the dealer to handle that or dispose of it, even at a loss, in the event there was no market justifying the handling of the quality of grain.

The CHAIRMAN—Certainly, that is what he is doing. He is entrusting his judgment to the vice-president, in case of dispute. It is the same proceeding, if he wants to ship to a terminal market, the outcome is based on the judgment of an independent inspector.

Mr. RILEY—Mr. Barnes, all of this controversy grew out of the contract. I should like to ask what method the grain dealer or miller who does not sign the contract, will pursue? Do I understand a regulation will follow the licenses that will bring him under the same general conditions?

The CHAIRMAN—I have said it is my judgment that 95 per cent. of the dealers of America will operate fairly and justly, without any license control. I am very anxious not to put that license control in. If there should be abuses developed and administered outside of the contract, not reached by the contract, that calls for correction, we shall not hesitate to use the license regulation.

Mr. RILEY—So that if there should be one in the state even that fails to sign a contract, he would still be operating necessarily?

The CHAIRMAN—He is covered by the terms of the statute.

Mr. McMILLAN—I would like to call attention to the wording of the fifth section of this contract. I would suggest the elimination of the word—the sixth line—"in case the dealer shall be unable, because of car shortage." It seems to me that the words are entirely unnecessary, because if he used every effort and diligence, he has done all that is possible. The point that I have in mind particularly is: There might be plenty of cars, but there might be an embargo, so that the dealer was unable to ship, and if he used all effort and diligence, yet the railroad agent refused to give him the cars, it would be just as great a hardship upon him as though there were no cars available, as far as he was concerned there would be no cars available. It would seem to me those words are entirely unnecessary in the contract, as the balance of the clause fully protects the Grain Corporation, and I would like to suggest the elimination of those four words.

The CHAIRMAN—I think your point is well taken.

Mr. GOODRICH—I do not think any suggestion has been made this morning that has been any better than the one of President Barnes, that we post in different elevators the conditions for making these appeals, and I would like to suggest that it would add great weight, if the corporation would get out the notices, so they would be uniform throughout the country, and require them to be posted in the elevators, in conspicuous places.

Mr. THOMPSON—If I may say, we are right up against wheat harvesting now in southern Illinois, and on that—it does not pertain to the subject, but I may not have opportunity to ask it again. Is wheat threshing to be given priority over oats, barley and other threshing this year? Is there going to be any ruling on that?

The CHAIRMAN—No, sir; we exercise no control on the thresher at all.

Mr. THOMPSON—I merely asked for information.

The CHAIRMAN—Let me see if I am wrong, and let me hear objection if I am wrong. If there is any objection to our reframing clause 2 and clause 3, to incorporate the final appeal to the Grain Corporation, and then to the Wheat Director, both in respect to the price represented by handling margin, and also as to grades, and so forth, I think we have your idea and objection; that the price should be filed at once, and the machinery construction for immediate decision. Unless some difficulties develop in further discussion of it after this conference, we will try and develop that suggestion.

Mr. GOODRICH—As to price, it would be on samples submitted in the controversy?

The CHAIRMAN—Yes, sir.

Mr. SHORTHILL—It occurs to me that that idea is proper; that we must follow very closely the procedure that will naturally take place in these transactions. The procedure is this: The average western country elevator man today has wagon movement of grain—handles a wagonload of grain about every three minutes. The sample has got to be taken out at that particular moment. The next farmer is willing to wait that length of time. If that sample is to be decided at that time, then why wait? I can see only one reason why there is a necessity for waiting. That is to enable the grain dealer to take in a lot of grain from the farmer. I believe a ten-day period is sufficient to cover any ordinary lot of grain, and I believe then as the general practice of the delivery it seems to me there ought to be a maximum time limit placed on this; that the appeal should be taken before settlement was made for the grain, which in any case could not exceed the ten-day period.

Mr. GOODRICH—We concur in that.

The CHAIRMAN—Mr. Goodrich, you suggested and I want to see how serious you think the difference that the contract should construct the country price, less freight, less certain charges and handling margin. In fixing the handling margin, our vice-president would necessarily take into consideration the charges that you have in mind, I think.

I can see the difficulty in prescribing the reductions which might have to be itemized. I wonder if you have a serious point there, or whether it is covered by a general rule, on a reasonable handling margin?

Mr. GOODRICH—We wanted the complete charges that were charged against the grain. For instance, terminal charges, loss in transit and all of these various charges. We have some details we want to submit to your Honor.

The CHAIRMAN—That is proper in getting the reasonable handling margin.

Mr. GOODRICH—Yes.

The CHAIRMAN—Then I conceive you do not want to press that particular point, as long as the charges are taken into consideration in the handling margin?

Mr. GOODRICH—No, I think not.

Mr. HAYWARD—Mr. Chairman, in connection with the contract under discussion we were requested to get your ruling on this point, whether or not the grain corporation would continue in the future as in the past, under the charge of one cent commission, so that the usual rate of commission that obtain at seaboard markets might be protected?

The CHAIRMAN—We have no intention of changing that, which is one of our purchasing rules and customs.

Mr. LINDERHOLM—Do I understand the suggestion right now covers the storage at the country elevators?

The CHAIRMAN—In its relation to the Grain Corporation, yes.

Mr. LINDERHOLM—In relation to this contract here, this contract reads seven-twentieths of a cent a bushel. It was suggested this morning it should be a half a cent. I think if the average grain man will figure up the actual cost of carrying the wheat in a country elevator it will amount to at least two cents or more per month. I think you are going to lose out by not availing yourself of a great deal of the country storage, by not putting that storage charge on a basis where the man that has to go and borrow the money to carry it, will have some compensation out of it, and it may be a hard job for the man who has an elevator capacity of forty to fifty thousand bushels to finance that proposition in a small town. Since this matter came up, I have heard a great many of them in our part of the country say that they would carry wheat in their elevators, under this contract, just so long as the railroad furnished the cars to bring it out and no more. Under those conditions you would lose a considerable available storage in the state of Nebraska.

The CHAIRMAN—The very wording of the clause only applies after he has exhausted all diligence to ship out.

Mr. LINDERHOLM—We are contemplating that there will be plenty of us to exhaust that in a very short order, when the crop begins to move.

The CHAIRMAN—I think the question of making it a practice to retain country elevator stocks, could hardly be covered in this contract, and there was no intention in framing the fifth clause to make it any inducement to the grain dealer in the country to retain stocks.

Mr. LINDERHOLM—I do not think it should be done with a view to a man carrying it in the country, to make profit out of it. I think it could be eliminated, just as soon as the railroad administration would furnish the necessary cars to move it. It is just a matter of putting the country dealer in a position where he can go to his banker and finance the proposition and say I can get my money back and a little more, probably, and the banker would furnish the money much quicker than he would if he was playing an even game.

The CHAIRMAN—We seem to have pretty nearly discussed this contract to its finish. It clears the way for a discussion of these other items on the program. In this discussion, we have apparently finished the country buying practice, too, have we not?

Mr. GOODRICH—I think so.

The CHAIRMAN—In discussing this contract, there has been no particular discussion of the position of the terminal dealer. I assume the contract will cover him, as far as his merchandising operations are concerned. Is there any phase of that in relation to the terminal dealer that we ought to hear?

Mr. SEARLE—Mr. Chairman, do I understand that this might apply to the terminals where the basic price is established?

The CHAIRMAN—That was the original intention, that it would be drawn broad enough to do that.

Mr. SEARLE—I think there are some—for instance, the sixth. It provides for the guaranteed price. It provides here that the Grain Corporation may demand this wheat, which will be eliminating the elevation charge, due to the terminal elevator operator, and if the Grain Corporation were to exercise their right under this contract and demand to f. o. b., it would elimi-

nate the elevation cost and put the cost of f. o b'ing on the dealer.

The CHAIRMAN—I think your point is right. There should be a provision there.

Mr. GOODRICH—I would like to ask while I am on that same clause, just the meaning of that phrase, from line 24 where it says, "All unsold wheat of the dealer on hand and in transit, except, however, wheat not actually delivered by the producer to the dealer."

Of course, none of the wheat going into the terminal elevators, at primary markets, was practically known as delivered to the dealer by the producer. It all comes from other dealers.

The CHAIRMAN—Then it hasn't any limitation on the terminal dealer, and it does apply to the country dealer.

Mr. GOODRICH—It would appear that the guaranteed price that the dealer at the terminal—that he would not be guaranteed the price on any wheat which he received from other than the producer, and he receives none from others than the producer. Thereby, he would not be protected at all upon the guaranteed price, as I read it.

The CHAIRMAN—No; I would not read it that way. It agrees to take care of all unsold wheat of the dealer on hand and in transit. If the terminal dealer does not have any wheat under purchase from the dealer, not yet delivered, the exception does not affect him.

Mr. SEARLE—Well, I see what—the thought you have in mind is that that exception is wheat that he might have purchased, but had not received in store?

The CHAIRMAN—No; if it is in transit, Mr. Searle, and under purchase by the terminal dealer, it is covered under the reading of that sixth clause. The intention of that exception was to prevent the application of that guaranteed wheat which the country dealer would contract from the producer, and which the producer had not yet hauled from his farm, because we must terminate our buying on June 1st.

Mr. SEARLE—It is not very clear to me yet. It might be all right.

The CHAIRMAN—Bring the point up this afternoon.

Mr. SEARLE—Yes, sir.

Mr. McMILLAN—If we are going to continue this discussion, there is some other points I would like to raise. I assumed we would take that up in connection with the terminal handling of it later.

The CHAIRMAN—That is the way we left it. Have you some points?

Mr. McMILLAN—Yes; just somewhat along the lines in the fourth section. It seems to me your clause of exception there where it says—the second line, page 5: "Except such wheat as has not been delivered to the dealer by the producer."

Now, if this contract contemplates the terminal operator, all wheat would be accepted, because he gets none whatever from the producer. It seems to me in that case you have to use the words country elevator operator, so as to make that exception clear.

The CHAIRMAN—Well, is it your point that the terminal elevator might have wheat bought, and therefore included in the unsold wheat, but bought from the producers which this apparently excepts?

Mr. McMILLAN—No; I mean he would have no protection whatever under this contract, because this exception would apply to all wheat that had not been delivered to the dealer by the producer, the way it is drawn. Therefore, having had no wheat from the producer, he has no protection whatever.

The CHAIRMAN—I see your point.

Mr. McMILLAN—If it is going to apply generally—if it applies only to the country dealer, it is properly drawn, but if it applies to both, there is no protection in the contract to the terminal dealer.

The CHAIRMAN—I can, we can rephrase it to meet that objection. The intent is very clear.

Mr. SEARLE—That is just the point I was making.

Mr. HORNER—There is one point about this sampling that I think dovetails between the country and the terminal. The country elevator is easily—the fact that they should retain samples in case of dispute, submit the discount to the vice-president of the respective zones. Now, is not the country elevator entitled to the same protection, upon the other end? He ships his wheat to a terminal market. It is Federal inspected. It is sample grade below the grade on which the government has an

established discount. In most of the markets those samples are not retained. The discount is set upon it, and the dealer sells it after it is too late to take an appeal. Should not those samples be retained in all the terminal markets, the country be given a reasonable time to present those samples to the Food Administration for determination of proper discount.

The CHAIRMAN—The justification for the Grain Corporation deciding and expressing an opinion as to what is a fair country buying margin is because that Grain Corporation stands ready to buy this wheat in the terminals. The instance you mention of carload shipments, if it does arrive at a terminal in which we maintain a buying point, we are ready to buy sample wheat, as well as any other wheat.

Mr. HORNER—I am speaking particularly of what we might call reconsignment points.

The CHAIRMAN—In that case, the Grain Corporation has already discharged its obligation by furnishing a market at the terminal at which the wheat could be delivered, and if the dealer, for other reasons, ships somewhere else without using the protection which the Grain Corporation extends, it is not quite on all fours with the protection of the producer.

Mr. HORNER—Mr. Barnes, quite on the contrary, I will give you my own instance. My favorite zone terminal is Baltimore. The most next favorable would be the other Atlantic sea port points. I do know, for a period of probably sixty days, a country station, situated as we are, could not get any permits last year for shipment to the Atlantic ports. Later, you established a market at Buffalo, which furnished us some outlet. In the meantime, our own outlet was to reconsignment points, points who were purchasing this wheat, of course, at a discount under the government price, for the reason that they took storage, insurance, and so forth, while they held that wheat until the Atlantic ports should be open.

The CHAIRMAN—Yes. Do not forget in all this the main purpose of this contract as constructed, is to reflect the basis from the terminal in a practical way, to the producer, who cannot always reach those terminals. If the dealer trades outside of those terminals, he has bought his guaranteed wheat outside of the protection of the Grain Corporation, and the Grain

Corporation not only continue to extend that protection at the terminals voluntarily, but—

Mr. HORNER—Hardly voluntarily. Really, on account of the temporary inability of the Food Administration to take care of his freight. He has one of two options. He can either fill up his elevator and close his doors, or he may ship them to interior markets. If he does close up his elevator and refuse to receive more wheat, until his proper zone points are open to him, that wheat must remain in the shock. If we had done that last year, we would have had destruction of a great deal of wheat. I would say there would have been at least a sixty per cent loss on account of excessive rains we had late in the season, but we did not do that. We kept our houses open, and wheat moved out, and the wheat was saved, and I think the producers should be given the opportunity to market their wheat at all times.

The CHAIRMAN—Of course, we cannot assume the responsibility for the condition of the transportation facilities of the country.

Mr. HORNER—I realize that. I am only asking for the protection to the country dealer, which is afforded to the producer, and it hardly looks right that the country dealer should afford that protection to the producer at his own risk and expense, which he cannot secure the same protection at the other end.

The CHAIRMAN—Every interpretation which reaches the producer is on that policy of the delivery of that wheat to the Grain Corporation at a terminal. We do not attempt to dictate that he shall reflect at reconsignment markets or otherwise, only our terminal basis less freight, less reasonable handling charge. Moreover, to make that dealer secure, we have put in effect an advancing premium, or alternately pay him a storage, which returns at least interest and insurance on his investment.

Mr. HORNER—May I ask a question? If country stations, situated as we are, take the permits when wheat cannot be secured for shipment to the most favorable zone market—in case we purchase wheat from the farmer, on the basis of a reconsigning market, such as Indianapolis, Minneapolis, Louisville or Cleveland, who are not buying that grain at the basis of the price established by the government, but at a discount, we would have to pay the farmer on the basis of his own price.

The CHAIRMAN—You do, and it has been up to you to decide in your business whether you can better take the open avenue to the reconsigning market and get less profit, than to the Grain Corporation, paying market, on which you must base your former price.

Mr. HORNER—Then the result of that is that whenever we cannot secure permits for seaboard points, we must close up our elevators and threshing machines must stop, and the wheat remain in the shock until these seaboard points are opened up, except for such farmers as have storage facilities on their farms, for storing their crop.

The CHAIRMAN—If it worked out that way, yes, and in the meantime we are reimbursing you on your interest and insurance, so you will reduce your producer price. It is quite possible to argue that that is not the most enlightened broad policy; that it would be better to reduce the producer price and keep the flow going some other direction, but at a lower price than the Grain Corporation terminal, but the minute you take your feet off there, you are off solid ground.

Mr. HORNER—I am assuming the country elevator house is already filled.

Mr. GOODRICH—Did you state the farmer would not have a right at private contract to sell his wheat below the price, in order to move it?

The CHAIRMAN—I did not say so, no, indeed.

Under this contract you bind yourself to maintain the proper reflection of the guaranteed price across the country. Now, it is up to you, when your elevator is filled, and you cannot ship to the terminals on which basis you are buying—it is up to you to decide whether you want to close your house and refuse to take in some more wheat, or turn your wheat over to some other market, not the Grain Corporation, at some lower.

Mr. GOODRICH—Would it be considered as treating a farmer unfair if he entered into a voluntary contract, in order to keep our house open.

The CHAIRMAN—It is a very delicate question, but you can contract with us, and you will pay the farmer the reflection of this guaranteed price. That is the basis we are asking you to co-operate on. If you had to close your house in furtherance of that policy, you are justified in doing it under this contract.

You are not justified by mutual consent with the farmer or anyone else, in establishing a lower price at your country station.

Mr. GOODRICH—If we had a wet harvest, thousands of bushels of wheat would absolutely rot.

The CHAIRMAN—There might then come the question of whether as a modification of that matter of broad public policy, something additional should be done when that condition developed.

Mr. ARMSTRONG—Mr. Barnes?

Mr. CHAIRMAN—Mr. Armstrong, it is five after one. Will you take it up——

Mr. ARMSTRONG—I just wanted to ask a question. It won't take a minute, and that is whether or not the cases these gentlemen are dealing with at the present time, if the movement of wheat in emergency cases could not be covered by consignment to these markets for the farmer's account?

The CHAIRMAN—Let us take this question up again at 2:30.

(Recess until 2:30 p. m.)

AFTERNOON SESSION

(2:30 P. M.)

The CHAIRMAN—It has been suggested that perhaps we could make a little better progress if the Wheat Director invited you all to take off your coats.

Gentlemen, the question is still on—country-buying practices—and open for suggestion.

Mr. ARMSTRONG—Mr. Barnes, I would like to have an answer and an expression in regard to that proposition I put.

The CHAIRMAN—Will you, for the benefit of those who did not remain, repeat your question?

Mr. ARMSTRONG—My question was called forth by the interpretation of some of the buying contracts, that in case there is a congestion at any market, that the dealer could not pay a farmer less than the nearest terminal market, less freight and a reasonable handling margin, and in the determination of that in coming out of the discussion so that farmers sometimes were in the midst of their harvest and the country elevators being

filled with grain, they would have to either stop harvesting and suffer a great inconvenience, at any rate, possibly a great loss, on account of not having facilities on the farm to store the grain, and no facilities at their station.

The question I asked, in order to meet that emergency, was if this did exist, that the grain dealer, the country grain dealer, might act as the farmer's agent and consign the grain to an intermediate or another market where the realization possibly would not meet with the requirements of the contract with the country grain dealer, and in that way dispose of this congestion in a way, and allow harvest conditions or matters to run along normally. That would be in a measure a contract between the farmer and the grain dealer, and not violate the requirements of the contract, but put the country grain dealer in the actual position of the farmer's agent, in disposing of his grain, charging him the consignment charge or whatever they might agree upon.

The CHAIRMAN—Well, isn't that the only answer, Mr. Armstrong, that does not open the door to collusion and abuse, that he may act as forwarding agent for the farmer, charging him a loading charge and a commission for handling, rather than to allow his buying price to fluctuate with these conditions?

Mr. ARMSTRONG—That was the method that came to me as an outlet and the only method that I wished discussed, and some conclusions drawn from it.

The CHAIRMAN—Gentlemen, are there any other phases of this, or are you ready to go to the consideration of the supervision of grades? Is Mr. Besley here?

Mr. BESLEY—Yes, sir.

The CHAIRMAN—Mr. Besley, perhaps it would shorten that discussion if you would make a general statement of what you are planning to do for the Bureau of Markets.

Mr. BESLEY—I do not know that any general statement that I can make, Mr. Chairman, would inform the meeting as to what would bring about a uniform and correct application of the grade.

The CHAIRMAN—Will you come to the front, Mr. Besley? I have no doubt they would like to ask you some questions.

Mr. BESLEY—It will certainly be our endeavor during the coming crop movement to bring about as near as may be, a uniform and correct application of the grade. I think everyone

here is fully acquainted with the fact that we do not under the Grain Standards Act, have inspection in the first instance. In other words, we have supervision only. That means that the grain as it comes to market is inspected and graded by an inspector who is not under our jurisdiction, except that he has a license. He is not a government employee. In most cases he is a state or a board of trade inspector.

Our supervision over him is of necessity limited, because we have only a limited number of supervisors, to supervise his work, and also a limited amount of money with which to operate.

There has been a considerable amount of complaint during the past year on the matter of in and out inspection. In other words, the contention has been that the grain came into the terminal markets graded in one way, and when it was shipped out of the markets it was subjected to a different grading.

The answer to that is this: In the rush of the movement last year, the grades for wheat were practically new, the inspectors were not too familiar with them, and in most cases they were inclined possibly to be a little lenient in the grading, and our inspection was limited just to the extent that we had a certain number of supervisors to advise with them.

When the grain came to be moved out, we were called by interested parties to grade the grain and issue certificates for it. In other words, most of the appeals that were called were on the elevator or out-moving grain. Therefore the grades were applied exactly as they should have been on the in-moving grain strictly, if you will, according to the standards, and that is the occasion for the discrepancy.

I think, Mr. Chairman, that about all I can say is that it will be certainly our intention this year to supervise as closely as we have men and money to work with the inspection of the grain inbound, and that on both inbound and outbound grain, when we are asked by interested parties to grade the grain it will be done strictly in accordance with the standards.

I think it is needless to say, or to call attention to the fact, that under the Grain Standards Act, which is the law that we operate under, any interested party may call an appeal to our local officers. That applied to inbound grain in case it is interstate, as well as to outbound grain.

We feel that the whole matter of obtaining uniformity is a question largely of hearty co-operation, and that if the grain trade itself will co-operate with us to the extent that when they feel that the grain has been improperly graded by the inspector,

they will call us and appeal, we will put the true grade on it. I might add that there are two members of the Inspection Survey Committee, Mr. Chairman, representing a Grain Trade Association Committee, which within the past month visited every principal grain market in the country, with a view of making recommendations to our bureau, and to the individual markets on how such co-operation and supervision over inspection could be bettered. Possibly they would have something further to add.

Mr. Shorthill and Mr. Hutchinson are here.

The CHAIRMAN—Will you remain here in case there is a discussion?

Mr. BESLEY—Yes, sir.

The CHAIRMAN—Mr. Shorthill, will you give us a brief statement of the conclusions of what the survey committee were, or recommendations?

Mr. SHORTHILL—Mr. Chairman, as one of the four members of the Grain Trade Committee who canvassed conditions in some twenty-seven of the grain markets of the country on this subject, the conclusions, recommendations and suggestions of the committee, given in just a brief general way, were about these, if I am permitted to just briefly refer to the outline in our program here:

As to uniformity between markets, the committee did find that there was a lack of uniformity as to grading between markets, due to various courses which it is not necessary for me to discuss at the present time. It is only sufficient to say that the committee did find that to the extent that all three elements—and by those three elements I mean the Bureau of Markets, the local Grain Inspection Department, and the trade in that market—co-operated, their difficulties were reduced. If I could make it plain, that the whole hearty co-operation of all of these interests did wonderfully reduce the difficulties that existed.

As to the next division, uniformity between seasons, I don't know just what you have in mind in regard to that, whether you have in mind a variation of standards during a crop year or not. If that is what you have in mind, I should say that it was the universal sentiment that there ought not to be any change in the standards during the period of a crop movement. There ought to be as near uniformity as it is possible to get it.

The next point, grades into storage and out. In visiting these markets, it was found that there was a real grievance, because it

was impossible, under the conditions of those markets, to settle on the grain, or perhaps I might more correctly say, on the sample of the grain going into storage at these markets.

The committee found that it was not necessary to agree on all of the samples, on all of the grain, on all of the parcels going in. But there ought to be some means provided whereby there could be an agreement on the sample as to which there was a dispute. Just exactly the same thing which we have been arguing this morning, as to the farmer's situation at the country elevator. And on this point, the committee suggested that there ought to be stationed conveniently an authorized inspector, who could co-operate with the elevator man in agreeing on a sample. Then the grain might pass into the elevator without confusion and without delay in the traffic, and the elevator could abide by the decision of the inspector, who would decide on the agreed sample.

There are other things that the committee considered and found, but I think that these are the chief recommendations—that it is desirable to approach as equally as possible to a uniform standard. That seemed to be agreed everywhere. And there must be some sort of supervision over that standard, over the interpretation of it; there must be uniformity throughout the crop season, and this decided handicap at elevators in our terminal markets ought to be relieved somewhat along the line of the manner I have suggested.

That is all I have to say, Mr. Barnes. Probably Mr. Hutchinson has something to add.

The CHAIRMAN—Thank you, Mr. Shorthill. Mr. Hutchinson.

Mr. HUTCHINSON—Mr. Barnes, I have not a great deal more to add. Mr. Shorthill has covered the ground pretty thoroughly as to our general recommendations; but further than this there seems to be a misapprehension in some quarters as to who the committee represent.

Now, the committee was selected by the four major organizations in the grain trade. Not by Mr. Brand, the chief of the Bureau of Markets, at all. The grain interests selected their own members on this committee, and the committee co-operated with Mr. Miles, of the Enforcement Division Bureau, in going about the country and making this survey.

Now, we found the condition in some markets complained about, that they could not inspect the grain in the big load move-

ment as intensively as they could at the times when the grain was not flowing good. I think it was the consensus of opinion of our committee that when a shipper or anybody was having grain inspected, when they were paying for that service, they were entitled to the same service of inspection, whether the grain is moving a thousand cars a day or one car a day. A man going into a barber shop, where there is a crowd waiting to be shaved, that man does not want the barber to give him a lick and a promise and turn him out unfinshed, just because there is a crowd waiting there; he wants some service and he expects that man to give it to him.

There is a way to correct that peak load system. The solution is having the grain graded into a market and then grading out. It comes into the larger markets, especially in the lake ports, in small parcels or car lots, and then going out in cargoes. It can be supervised or inspected in large lots more intensively than it could coming in. The inspectors could give it the same attention in as they do out, and the matter that Mr. Shorthill referred to was a condition that needs attention, to the getting of samples and agreeing upon samples. It surely can be worked out in a way by which the Food Administration, the Bureau of Markets and the Elevator and Inspection Departments, who oftentimes have a corps of men on the cargoes, inspecting grain, can agree upon a sample that represents that particular cargo, instead of each one taking their own sample off to their own rooms and making some determination. That was giving some trouble and should be corrected.

The CHAIRMAN—That, Mr. Hutchinson, was in your former report, wasn't it—that recommendation?

Mr. HUTCHINSON—Yes, sir.

Mr. SHORTHILL—Mr. Barnes, I would just like to call attention to one other thing that seems to me to be of the utmost importance. I regard it as the most important recommendation that the committee makes. I believe it is agreed by everyone on the committee, and I believe it will be agreed by every one of you, that most of the conditions in the grading of grain are chargeable to the differences in the samples obtained. The committee felt this very keenly and were rather embarrassed with the idea that those people who were drawing samples were probably not sufficiently impressed with the importance of their work, and with that idea in view, and in order to enable those

who were in control to have somewhat more control over the samplers, the committee recommended that it would be proper that samplers of grain be licensed the same as inspectors are licensed. It seems to me that is one of the very most important recommendations, and if correct samples can promptly be obtained it certainly will facilitate the movement of these cargoes on which there is a dispute as to the grain.

The CHAIRMAN—I do not think there is any question but what a general discussion of this would bring forth many statements, particularly from terminal elevator operators, of the losses they suffered this last year between in inspection and out. I conceive that those statements of themselves will add no weight to the record, because we appreciate that, and thus record that in the record, unless it brings out some suggestion that would improve the service.

So if you would in making comment or recording your experience between in inspection and out, emphasize your suggestions for improvement, or endorse the recommendations of this market survey committee, which did visit, as Mr. Shorthill says, twenty-seven markets and made a more exhaustive study of marketing and inspection conditions than any other committee we ever had, I think it would shorten the record.

Perhaps you would like to hear whether Mr. Besley can say whether those recommendations are being studied by the Bureau of Markets, to see how they can adjust themselves to them, or support them. Can you say anything, Mr. Besley?

Mr. BESLEY—The only thing I can think of to recommend with respect to licensing samplers is that there seems to be some legal question as to whether or not we have authority under the Grain Standards Act to license samplers. If it is finally decided that we have not, the only recourse is to amend the Grain Standards Act in order to take care of the recommendations made by the committee.

The one other feature of the committee's recommendation I think was that there be more intensive supervision, if you will, and closer working together on the part of the supervisor with the inspector.

That feature of it we are taking every step to bring about in all of the markets. Our one big difficulty is that we have not sufficient money to get the qualified men to fill the positions of grain supervisor. We are doing it to the fullest of our power, in accordance with the money we have to spend.

If either one of the committee think of another point I can answer, I will be glad to do it. I do not think of anything else.

Mr. SEARLE—Mr. Chairman, I want to say that I think this committee are entitled to the commendation and the thanks of the trade for the very careful and exhaustive investigation which they have made, and for their very complete recommendations which appear to me to cover the situation very fully. We appreciate it very much in the Northwest.

Mr. MILLER—Mr. Barnes, there is a question I would like to bring up. I don't know whether it is appropriate to bring it up at this time or not, or whether it can be done. But it occurs to us that if all the factors governing the grade of wheat could be placed on the certificate we could get a much fairer price for our wheat. For example we had a number of cars of wheat that graded, say, for instance, 16 per cent. moisture. That put the wheat into sample grade. When it went into sample grade none of the other factors governing grade were placed on the certificate. The wheat might otherwise have grade No. 1, except that it had this excess moisture. Now, it must be apparent that wheat of that character has a much greater value than wheat which would have in addition to the 16 per cent. moisture, 15 per cent. damage, and if it were possible to have those factors put on the certificate it would materially help us, who are so far away from the terminal markets where the grades are established on our wheat.

Mr. HAYS, of Chicago—Mr. Chairman, our market has had considerable difficulty between in and out inspection, due largely to the lack of supervision of the in inspector and due to the different method of sampling in the cars and in the boats. Our suggestion is a fuller co-operation on the in end. That will have to be very carefully worked out, as otherwise there will be material delay in the handling of the grain and a material tie-up in the matter of equipment. Our suggestion is largely on the improvement of co-operation on the in end.

Mr. HUTCHINSON—Mr. Barnes, I want to say further that the experience of our committee was where we found three branches of the three activities closely co-operating together, there was scarcely any trouble in that market, or from grain going out of that market, but the trouble was with the other markets. Where we would find an unfriendly attitude or a lack of co-operation, and the word, co-operation, was a cover word for the whole scheme, as we found out—that

where there was complete harmonious co-operation of all three activities there was the very best of satisfaction on the grain standards as now promulgated, and the enforcement of them through Federal supervision.

Now, it was patent to us also that the more lack of co-operation and the more throwing the monkey wrench into the machinery, as we say, just so much and so far did they hasten the day of complete Federal inspection.

We found in some few instances where there were some few people suggested Federal inspection, but in a general way the trade seemed to be against that proposition. Now, we had also brought to our attention that possibly there was a move behind that for the Bureau of Markets to crowd in Federal inspection. We did not find that condition applying in any way, shape, or form, from Mr. Brand down to the people we came in contact with. They were there to administer the law as it is now on the statute books, and it is a matter for the trade to take that part, if possible.

The CHAIRMAN—Mr. Hutchinson, did you find anywhere a sentiment for the elimination of Federal supervision as well as inspection?

Mr. HUTCHINSON—Possibly in one or two markets there were expressions that they did not think they had got satisfactory results in proportion to the expense of Federal supervision.

The CHAIRMAN—Well, did the committee reach any conclusion as to whether any such movement should be favored or would be favored for the elimination even of the supervision?

Mr. HUTCHINSON—Our committee was unanimous in thinking that the scheme of inspection by the local organizations, supervised by the Federal machinery, was the best thing for getting uniformity of grades. We were a unit on that.

The CHAIRMAN—The suggestion would seem to be, then, that in each market the trade itself co-operates with the inspection authorities, local and federal, and get these difficulties smoothed out as best they can by conference and agreement. Is there any other discussion on this subject, gentlemen?

Mr. SHORTHILL—I might say, Mr. Chairman, that it was very apparent to the committee that with very little exception the service of the local inspection department in a market was very largely—not entirely, but very largely colored by what the trade wanted that inspection department to be there.

Now, that can go to the credit or to the discredit of the market. But I think it is the unanimous opinion of the committee after pondering the number of cases, that the sentiment of the trade was for a good inspection department there that would serve the territory tributary to that market.

Mr. McCLURE—I was just going to say of some trouble we have in our inspection work. In grading corn, is an illustration of it. Corn that comes out of Kansas City, grading three, comes into our market and often grades four, five and sometimes six. It has given us a great deal of trouble. We bought it, of course, on the contract of the out inspection of the terminal market, but when reaching our market there, only one hundred and fifty or two hundred miles away, a grading so much lower than it did, was given, that it gave us trouble. In several cases we have called for the Federal supervision, or for their final grade which, when given, has upheld the grade our inspector placed on it in Hutchinson, Kansas. I do not know whose fault that may be, but we have had those things to contend with coming from terminal markets.

The CHAIRMAN—Gentlemen, have you covered this particular subject to your satisfaction? I assume so, so we will go to the item of Terminal Storage of Wheat.

Mr. HAYWARD—Mr. Chairman, would you permit me out of order to submit merely a suggestion regarding the millers flour contract, and perhaps incidentally our contract? It is simply this point: what we would like to do is to get some information from you as to the status of the flour contracts on a shipment at the time of the change, which would go to buyers who would not be indemnified. To make it specific, our salesmen go around to the country points perhaps once a month, and they are accustomed to take orders for shipment. As I understand the matter, those small country dealers are not indemnified against loss on the stocks they have in their possession or under contract; am I right about that, sir?

The CHAIRMAN—Yes, but, Mr. Hayward, let me interpose here that the question you suggest will make considerable discussion probable.

Mr. HAYWARD—I do not want to discuss it; I merely want to bring it up so if it is worthy of discussion, I will take it upon myself.

The CHAIRMAN—There is no indemnity proposed in any way, except that which is secured by contract with the Grain Corporation.

Mr. HAYWARD—Well, that being the case, as to whether or not it might be thought that such contracts to buyers who cannot secure indemnity from them in less than carload lots, could not be automatically eliminated from the miller's stock in reporting—when they do have the change, it seemed to me in line with public policy because it was not a matter that they were indemnified for, but it made them resell to the consumer otherwise.

The CHAIRMAN—You are leading right into the argument I suggested would follow.

Mr. HAYWARD—I suggest to leave that with you for consideration, if you will.

The CHAIRMAN—Let us more or less confine ourselves to the program, gentlemen, please, and I think we will make more progress. The question of terminal storage of wheat. The position of the Grain Corporation has always been that as to the rates for storage at these different points, the published rates accepted and approved by the local authorities could be deemed to have been fair, because of their acceptance by the trade and these authorities. That it has deemed itself justified in accepting those rates as fair and paying them without asking any special consideration, because of this business or the character of its business. But when any advances are proposed, it being affected by those advances, it proposes to scrutinize those advances, and express an opinion about them.

I think if we understand that is the underlying principle that the Grain Corporation has adopted in its relations to the terminal elevators, that it uses for storage, the basis of discussion will be clearer. If we have any criticism of that policy, or any suggestion for its modification, it is perfectly proper to put it into the record now.

Mr. SEARLE—Mr. Chairman, do I understand from you, from your statement, that the rates as published will become effective? (Cries of louder.)

Mr. SEARLE—I am asking the question if I am to understand from the Chairman's statement that the published rates of elevators will become effective?

The CHAIRMAN—When coupled with my statement also that in case of an advance it proposes to scrutinize the advance and contest it.

Mr. SEARLE—Well, do you want to take up that question now? Is this the time to take that up?

The CHAIRMAN—It is perfectly proper, Mr. Searle.

Mr. SEARLE—Then, for Duluth, I would like to ask that our published rates be granted us. Last year we had a published rate of one and a half cents per bushel for elevation, but we arranged to extend the time for thirty days, as you no doubt recall. We think that we should have a cent and a half on account of the increased cost of operation to cover the first period as published in our rates, and we hope that that will be given consideration.

Now, I would like to have you take into account the fact that in Minnesota we are limited in the rates that we may charge to the statutes that were passed some twenty years ago, and under which our maximum elevator charge is one and one-half cents per bushel, and limiting us in the storage rate to one cent per month and not to exceed four cents for winter storage of six months—that is, from the 15th of November until the 15th of May.

Since that statute has been on the books there has been a great change, a great increase in the cost of operation. Just to illustrate, on one point our labor bill for the past year in handling the volume of business that we handled in Duluth is more than twice what it used to be some four or five years ago in handling the same amount of grain through three terminals, whereas we handled it through two this year, and at twice the expense. I think the increased cost will fully justify us in asking that our published rates be allowed us, as we really have to justify these rates to the State, and we are asking for that change.

The CHAIRMAN—I think, Mr. Searle, in order to get the record clear, we ought to establish the fact that the additional consideration you give the Grain Corporation of thirty days

instead of fifteen published in your rates, with the same elevation charge, was a stipulation that the Grain Corporation made in order to approve the advance of one and a half cents elevation.

That is, it was under the principle that I just outlined, that it would scrutinize any advances, and also that Duluth is directly opposed in comparison with the similar shipping port of Port William and Port Arthur on the same lake, at which the elevation charge for loading a vessel is, as I recall it, three-quarters of a cent a bushel.

Mr. SEARLE—That is quite correct, Mr. Chairman, but I submit to you that if the rate itself were fair, it is not a sufficient compensation at the present time, with the increased cost of operation, and as to a comparison of rates at Port Arthur and Port William, as you know, we are much interested there, and while the elevation rate is three-quarters of a cent per bushel, they have no limitation as to winter storage, and as to the earning of the elevator I would much prefer having the straight winter storage than having the increase in rate.

They get 6 cents a bushel for the winter storage there, where we get only 4 cents, and there is no additional advantage for that 2 cents. So I think on the whole, Mr. Chairman, our rates at Duluth are less than they are at Port Arthur and Port William.

The CHAIRMAN—This whole question is open. We have always differentiated in the rates for storage paid as to fireproof and non-fireproof, except at certain points where local conditions justified local decisions.

Mr. OWEN—Mr. Chairman, you very kindly consented this morning to permit taking up the subject of providing more storage at the seaboard on account of my being obliged to leave town at 5 o'clock. I wish to file for the record the statement of Mr. Jacobson—it won't be necessary for the stenographer to take this because I will file it—Mr. Jacobson, of Minnesota, bearing on this subject:

"FARM, STOCK AND HOME.

"COMMENT.

"WHEAT HANDLING A REAL PROBLEM.

"(The following from Mr. O. P. B. Jacobson, Minnesota Railroad and Warehouse Commissioner, confirms what F. S. & H. said in its Open Letter to Congress

regarding the seriousness of the wheat handling situation:)

"The open letter to Congress of May 15 is most timely and most pertinent. It touches on a subject very close to the agricultural interests of the Northwest, namely, the successful and profitable marketing of grain. I trust sincerely that your letter will stimulate our representatives in Congress to take some positive action in the immediate future to place the country's transportation system upon such an efficient basis that our old bugaboos, 'car famine,' 'car shortage,' and 'grain embargo' will never be heard again.

"May I not at this time encroach upon your valuable space to call attention to what I regard as the weakest link in our grain transportation and to inform your readers of the efforts that have been made to remedy the trouble.

* * * * * * * * *

"As you already have pointed out, there is insufficient storage facilities for grain at the seaboard, which deficiency periodically precipitates a congestion at each of the ports as soon as grain begins to move in large quantities. For instance, the total elevator capacity for all practical purposes, at the eight Atlantic ports of New York, Philadelphia, Baltimore, Portland, Boston, Norfolk and Newport News, is only about 10,000,000 bushels. This is sufficient only for handling the grain from the freight cars to the vessels, and leaves no reserve whatever for storage purposes. Galveston has a working capacity of about 1,200,000 bushels and New Orleans about the same. The Gulf ports, however, figure very little in our transportation problem. Winter wheat grown in the southwest starts to move four to six weeks earlier than our grain, and largely monopolizes the available elevator space at the Gulf ports, long before our grain is ready for transport.

* * * * * * * * *

"The Northwest has suffered heavy financial losses and serious dislocations of business have resulted by repeated 'grain embargoes,' and 'car famine,' I am firmly convinced after personal observation and study, that the United States never had a genuine car famine

—what I mean, is that there never has been a time when there were not enough cars to meet the demands of transportation. If all the freight cars owned in the United States could always be availavle for transportation purposes, there are enough to go around.

"But freight cars built for transportation, cannot at the same time be used for storage purposes. Repeatedly have I seen in the terminal yards of the New York Central and the Lehigh Valley Railroads, not only hundreds of cars of grain, but thousands of cars, waiting to be unloaded. They waited not days, or even weeks but months. The reason is that New York has not adequate elevator facilities for the legitimate demands of commerce. The same is true of Philadelphia, and Baltimore and other Atlantic ports. When the congestion starts on the seaboard it backs up along the entire line thru the terminals of the Middle West and clear back to the farm. Everything is tied up. Whereas, if even a moderate outlet is provided at the ports, everything could be in motion.

* * * * * * *

"It was with the hope of relieving the intolerable situation at the seaboard, as well as to influence other matters of common interest to the farmers of the Northwest, that the Minnesota legislature last winter sent a delegation consisting of Senator Charles W. Gillam, of Windom, Chairman of the Senate Committee on grain and warehouse, representatives L. O. Teigen, of Jackson, and T. J. McGrath, of St. Paul, together with myself as a member of the Minnesota Railroad and Warehouse Commission, to plead the cause of the grain producers of Minnesota before Congress and the Federal authorities. This delegation has the united support of the House and Senate Committees on Agriculture, and the best wishes of a majority of the membership of both houses. The members of Congress and Federal authorities generally appeared to be much impressed with our statement of the situation and made provision in the agricultural bill for an appropriation that would enable the United States Grain Corporation to meet the deficiency in storage facilities at the Atlantic seaboard, but unfortunately there always are counteracting influences at work in Washington and for some reason or other, possibly thru pressure from a particular quarter, the provision was counted out of the ten-

tative bill. This was not only a surprise but a shock and a keen disappointment.

"Now, it seems to us that the railroads should be required to provide sufficient facilities for handling grain. These common carriers make ample provision for handling merchandise in transit, then why not grain? Personally, I put this proposition directly up to W. G. McAdoo, when he was Director General of the railroads and contended that it was the plain and unquestioned duty of all the transportation lines to provide ample storage facilities for grain at the Atlantic ports. I still believe that I am right and for my part will not retreat or give up the fight until Walker D. Hines, the present Director General of Railroads, absolutely and flatly refuses to allow the railroads to increase their elevator capacity at their seaport terminals. This matter has been before the National Association of railroad and utilities commissioners at their last two annual conventions, and that body representing every state in the Union thru its state commissions, is committed to the plan of which I have written. If the railroad administration refuses to act, the last recourse in this matter will be with Congress. There is no question but that, if the grain growers and their numerous friends, get together, they can prevail upon Congress to enact such legislation as will give a satisfactory solution to the problem."

The result of the efforts in the Northwest was an appointment with Mr. Brown in New York a week ago last Monday to talk the matter over. We then went to Washington by appointment and put the proposition before Director General Hines. Your president, Mr. Barnes, fully concurred with us in the necessity for increased storage. We saw Director General Hines and he admitted the urgency of increased seaboard facilities, but pointed out the fact that he was practically powerless on account of the railroad administration ceasing operation January 1st. That is, he has to go on the assumption that it will. Of course, whether it will or not is an open question, but necessarily he must assume that it will.

We also had an interview with Mr. Chambers, of the Interstate Commerce Commission on the matter of transportation. Mr. Chambers assured us that the transportation was no trouble at all, there would be no question about having cars and motive

power to move the crop but when we get down to the bottom neck of the Atlantic seaboard, we are up against it. We found it was necessary, to get any action at all, to go before Congress, so Mr. Elmquist, of the Valuation Committee of the Interstate Commerce Commission, drafted a bill to provide for increased seaboard facilities. Senator Nelson will take charge of that bill in the Senate and Representative Anderson from Minnesota will take charge of it in the House.

The general provisions of the bill Mr. Elmquist is in better position to state than I am, but there is no question, gentlemen, as to the urgency of the increase of seaboard storage.

It is not a war proposition. We have been up against it. We were up against it with much smaller crops before the war, just as Commissioner Jacobson pointed out, and while I fully realize that this is a hearing and not a body to pass resolutions as such, it seems to me that the various interests represented here could very properly make their wants known to Congress and see if we cannot get quick action.

The bill, as I understand from Mr. Elmquist, will provide for one hundred million additional storage, and in order to shut off a lot of debate and log-rolling, the question of location of that storage will not be designated in the bill. That will be left to the discretion of the Interstate Commerce Commission. Mr. Elmquist can, if you will give him the time, explain the general features of that bill much better than I can, as he is the man who is preparing it. Thank you.

Mr. ELMQUIST—Mr. Barnes, I want to correct one suggestion that has been made in the statement of Mr. Owen. I have prepared a bill, but it is not yet finished. The general purport of the proposed legislation follows along the lines suggested by Mr. Owen. The theory is that the obligations will be placed upon the carrier. At the present time the Director General cannot order the suspension without the consent of the railway. At any rate, even if a consent were secured at this time, the terminal elevators could not be obtained in time to help the crops this year. Therefore you are dealing with a general permanent program. The committee discussed the details of the bill at Washington last week, and thought it ought to call on Congress to determine as a matter of fact terminal elevators should be established at seaboard, and be paid for and maintained by the railroad. The location of those elevators and the capacity of each elevator as it may be constructed should be determined by the

Interstate Commerce Commission, after due hearing and due notice. That is substantially the plan as outlined.

The CHAIRMAN—Does it define the authority of the Interstate Commerce Commission as to the seaboard points, Mr. Elmquist?

Mr. ELMQUIST—Yes, sir.

Mr. BELL—May I inquire whether the bill contemplates the increasing of facilities for handling flour as well as wheat, or only wheat?

The CHAIRMAN—Mr. Elmquist, will you answer that question, whether it is confined to grain and not package freight facilities?

Mr. ELMQUIST—Will you ask the question again, sir?

Mr. BELL—The question is, whether it is confined alone to grain, or does it take package freight as well, or wheat products?

Mr. ELMQUIST—Grain.

Mr. BELL—Grain alone? I think that was in line with Mr. Loring's remarks, but I entirely agree with them.

Mr. ELMQUIST—You mean Mr. Owen.

Mr. BELL—Oh, I thought you said Mr. Loring. The necessity for improving seaboard facilities for handling the package goods of wheat products is required, much more so than for the wheat.

Mr. ELMQUIST—That may be so, but this committee, as I have established its argument on the theory that this was a Congressional proposition, and if you have them go to work and construct not only elevators for grain, but as well package freight, you are opening up a very large subject.

Mr. BELL—I do not think it is a matter of proper discussion here, but I just would like to say in reply that the farmer is just as much in need of improving the facilities for package goods for wheat products as he is for grain, as that insures a greater manufacturing of wheat in this country, and the distribution of those products of the farm.

Mr. ELMQUIST—Of course, when that bill is presented to Congress, ample opportunity will be given for all persons to be heard.

Mr. BELL—Yes.

The CHAIRMAN—The policy of the Grain Corporation has been to cover this question of details with the terminal elevators, which it uses for storage, by agreements with those limited number of elevators. That is, last year we had an agreement with them for the furnishing of a bond covering the security of the wheat which they stored and guaranteeing the grades.

We arranged with them the rate as between fireproof and non-fireproof elevators. That is not a matter of general interest here; that will be treated in the same way. If it is not a matter of general interest, it will take that course. If there is anyone who wishes details brought out in this discussion we would be very glad to answer any questions on those phases.

Mr. SMITH—Representing the Kansas City Board of Trade, Mr. Chairman, do I understand from that last remark that the question of rates of various markets is to be left open to discussion between you and the elevators in which you will store the grain, without any particular record being made here?

The CHAIRMAN—Yes, unless someone in the conference desires that it be spread on the record.

Mr. SMITH—Well, I only had in mind to say that in our market, as you know, we have some peculiar conditions that brought about a set of charges, and that while they may or may not be sufficient to take care of the obligations that are contemplated in them, we hardly feel that they are sufficient—or rather that they may not be sufficient to take care of the added obligations that may be imposed upon us by a contract with you, and since I have come to New York I have learned that there is a further labor trouble staring us in the face, that we may have to pay increased labor charges, and if that proves to be the case, we may have to come back to you or open this question up later. But I understood your last remark that the question is open, and consequently it would be satisfactory to us.

Mr. PECK—Mr. Barnes, speaking in behalf of the Terminal Grain Merchants Association, we understand that the contract that you would submit to the storage of wheat during the coming year would be a separate and distinct contract from the one that you have sent out. Is that correct?

The CHAIRMAN—Yes. Mr. Peck's statement is that he understands the contract proposed by the Grain Corporation with terminal elevators, in which it stores wheat, would be a separate and distinct contract from any contract set out in this tentative circular. I say it is true.

Mr. SMITH—Mr. Chairman, if I may say so, this preliminary contract set out in this pamphlet would apply to all elevators and would have bearing to their business outside of storing or delivering any storage to the Grain Corporation, in which case this contract would be the basis of conducting their merchandising business; is that correct?

The CHAIRMAN—Yes, or the same principles incorporated in a different form to suit the circumstances.

Mr. SMITH—I gather, then, that there might be a little separate form to cover the elevators?

The CHAIRMAN—Yes, but this contract is supposed to cover the terminal elevators at the grain terminals, where the government does not buy warehouse receipts. If anybody is interested in that respect, such terminal as Sioux City or Nebraska City, etc., he may talk upon that.

Mr. BINGHAM—Mr. Barnes, we have elevators at Indianapolis and at Cincinnati and at Louisville, and we engage in the buying and selling of wheat. This contract would not fit our case other than in Indianapolis and Cincinnati. We do take in some wagon wheat. But what I would like to bring out is where we engaged in the buying, selling and shipping of wheat for our own account, what kind of a contract will the Government make with us in that respect?

I also represent the Indiana Elevator, which is exclusively an elevator concern, doing a certain amount of retail wagon wheat business—that is, retail buying business—and I assume that they would have to have a contract the same as we would in our mercantile capacity. I have been told—I do not know how true it is—that later on a contract covering a form of this nature will be submitted to the trade. As far as I can see this only in a few respects would apply to us, and we would like to get a little more light on it if you are prepared at this time to let us have it.

The CHAIRMAN—Mr. Bingham, what feature is there in the business that you do at Cincinnati or Indianapolis that is not covered in this contract?

Mr. BINGHAM—Well, we really have no room to store other than for ourselves. Our capacity is limited and we deal with the producer only in a limited way—that is, local wagon wheat that comes in. It does not amount to a great deal. We want to know just what our rights or privileges would be in

the buying and selling of this crop of wheat. We go on the floor and buy wheat or we put our bids to the country and buy it. We sell it for export and to the mills, and we have off grades. It is just the general run of the crop we handle. We would just like to know what our privileges and our rights would be in that capacity.

The CHAIRMAN—Well, let us see, there are certain conditions in the contract that apply to any relations with the producers. That is so?

Mr. BINGHAM—Yes.

The CHAIRMAN—In respect to your business, other than with producers, those particular conditions do not apply?

Mr. BINGHAM—Yes.

The CHAIRMAN—The contract assures you that at any time and from time to time you may sell your wheat to the Grain Corporation at any terminal selected by you; that at the termination of the contract it will take over from you whatever stock you have on hand at the option of the grain corporation, taking delivery at a terminal selected by you, or f. o. b., etc., to that terminal. That makes you secure.

Mr. BINGHAM—Yes.

The CHAIRMAN—What other restrictions are there in the contract that hamper your business?

Mr. BINGHAM—There is an article in here which applies to the producer. It says the dealer in buying wheat from the producer, shall pay not less than the guaranteed price at the terminal most advantageously reached, less freight and less a reasonable handling margin. As an example, if the Indianapolis market should have a big surplus of wheat shipments there, and our competitors were offering and were buying that wheat at less than this minimum price, would we be acting within our rights and privileges if we had in a competitive way, produced by the prevailing conditions, paid less than the Government's minimum guaranteed price for them?

The CHAIRMAN—With the producer?

Mr. BINGHAM—No, sir; on the Exchange floor.

The CHAIRMAN—There is no condition in the contract that prescribes what you should pay except when you deal with the producer.

Mr. BINGHAM—I understand. I did not know just how that was.

The CHAIRMAN—Have you developed this subject enough, gentlemen? There are two or three points I want to record in the record before we go to the discussion of the contracts of interest to the Pacific Coast Millers and Dealers. We have after a conference with representatives from various states and producers organizations in that section, agreed that for the coming year we will pay on the Pacific Coast in those markets for sacked wheat, 4½ cents per bushel above the bulk wheat price, our price in those markets of $2.20 being for bulk wheat. Is there any discussion of that statement?

Mr. ARMSTRONG—Mr. Chairman, so far as I know, the conference of the Pacific Coast interests have agreed to that differential, and if there is any objection at all none of us know it who are present.

The CHAIRMAN—The request has been made. Is there any discussion of that point?

Mr. BINGHAM—Mr. Barnes, does that anticipate the keeping of the sacks?

The CHAIRMAN—Yes, at the Pacific Coast market. That is the only place we buy sacked wheat at all. Even there we allow the shipper to take back his sacks if he wishes, do we not, Mr. Starr?

Mr. STARR—Yes, sir.

The CHAIRMAN—The point has been brought up to us that we allow the export of flour to various countries, and that the plea has been made to us by grain merchants that similar facilities should be extended, particularly as to Mexico, in wheat. Have you any objection to that sort of a policy?

Mr. CLEMENT, of Texas—Mr. Barnes, the Galveston dealers are very much interested in being able to export wheat on their own account to Cuba, and in consideration of the matter I wish you would take that into consideration.

Galveston is a port of exportation; Galveston dealers are very anxious to have a right to export wheat without coming under the control of the Grain Corporation, to Cuban points. They have made application recently to the Grain Corporation for that privilege, but they gave satisfactory reasons, of course, for not permitting it under the old crop conditions. But now under the

new crop conditions they are very anxious indeed to have that privilege, and I want to urge that very careful consideration be given to their request.

Mr. BELL—In the confusion here, it is pretty hard to hear.

The CHAIRMAN—The point is that we do allow through the export embargo the shipment of flour to the Western Hemisphere destination and the request had been made by grain dealers that a similar allowance be made for wheat.

Mr. BELL—Does that include the Orient as well?

The CHAIRMAN—Wherever wheat flour is allowed to go—that wheat be allowed to go in the same way.

Mr. BELL—Would the restrictions extend also to the Orient?

The CHAIRMAN—At present we allow wheat flour to go to the Orient, yes. If there is no argument made that it is fair to allow wheat flour to go and not wheat, I assume you are agreeable to that.

Mr. BELL—That is what I say.

The CHAIRMAN—The point has been made that it might be possible to reinstate the general exporting opportunity on wheat flour and on wheat even to Europe, competing only with the Government buying at the guaranteed price. There are many reasons reflecting into that and I think it might be well to get your views as to whether that is a desirable thing for either flour or wheat.

Mr. BELL—Mr. Chairman, so long as the allied governments utilize concentrated buying agencies, so long as the neutrals demand tonnage, they can come into our markets with overwhelming power. We feel that the only way to meet that is by concentrated selling agents, and that the Government must stand for the protection of the industry in its relation to such buying agencies.

Mr. WARNER—Is this a point to bring up the question of the export interest of wheat products and wheat, and whether they shall function or not?

The CHAIRMAN—Whether it would be advisable, Mr. Warner, if it does not affect the price level, and does not jeopardize the maintenance of the guarantee price, to allow a free opportunity for the exporting of wheat flour and wheat.

Mr. WARNER—Yes, and I understood the gentleman who preceded me was of the opinion that inasmuch as the allies would concentrate their buying, that therefore the export end here should be centered in the Grain Corporation?

The CHAIRMAN—He is speaking as to wheat flour, yes.

Mr. WARNER—Wheat flour?

The CHAIRMAN—Wheat flour, yes.

Mr. WARNER—I think whatever attitude you take towards that will be the same.

The CHAIRMAN—Very likely.

Mr. WARNER—I think most of us recognize that this war is in fact over and it will be officially over in a very short time, and so as soon as the peace terms are declared, then restrictions will be dropped off here and there fast, in the way of blockade and in the way of Government restrictions, especially with the smaller countries and the neutral countries.

I have seen in the London papers only in the last few days that the commission in England as to which there is plenty of criticism, which does not seem to exist here—that they hope to withdraw mainly from some restrictions by September and wholly so by November.

Now, during that time not only for the allies but for several of these other neutral countries, there is plainly going to be an opportunity to work in somewhere on the part of individual shippers, because they are doing that now, and I am sure it is no more difficult to ship than to finance and arrange all the difficulties attending on the export of wheat, as there are these same difficulties regarding the export of coarse grain.

I do believe that as far as the present is concerned, there must be a control on the part of the Grain Corporation.

I do see a plan that could be worked out by which the Grain Corporation can make use of the exporting interest, its resources and its experience, in doing what they have been doing for the past twenty-five years, with the exception of these past two years. I cannot conceive that with this Spring crop of which a very large part will be exported as coarse flour, that it should not be handled in great quantities by the exporting interests of the country. I take it that the Food Corporation has not outlined any general plan by which the exporters could function; is that true?

The CHAIRMAN—Not for any sales to Europe, no.

Mr. WARNER—Not as to any sales to Europe. Well, if a plan could be formulated by which sales could be made without disrupting the general plan of the Grain Corporation, I take it you would be in a very receptive mood, would you not?

The CHAIRMAN—Well, we will always listen, Mr. Warner, to any suggestions, yes.

Mr. WARNER—I know this program has been laid out, and gentlemen have come from distances here to finish this, and perhaps it will not be agreeable to take up this general export plan. While I have a plan, it has not been submitted in general to other exporters, so it is not in shape to put out at the moment. I would like to have an expression from you as to whether you are agreeable to making an early appointment with the export interests, if they are so minded, looking to some method by which the exportation of wheat may be done by them?

The CHAIRMAN—Yes, if you will put it just a little differently—that I will be very glad to arrange an appointment at your request, to listen to any plan you have that you think is feasible.

Mr. WARNER—Yes, that is it, and you say in advance you are receptive to the proposition?

The CHAIRMAN—I do not say I am sympathetic for it.

Mr. WARNER—I do not care anything about that, Mr. Barnes. I know you, and I know if we bring to you a proposition that is printable, and which does not upset your whole scheme, it will be received with welcome.

The CHAIRMAN—I certainly would not start with a closed mind.

Mr. MEYER—I have listened with a great deal of interest to all that he has said. I take it if you have such a hearing, the exporters will be all given an opportunity at the same time to express an opinion, will they not?

The CHAIRMAN—Once more, please?

Mr. MEYER—I take it if all the exporters of the country, from the various markets convene at this hearing, that you may possibly have, they may be heard?

The CHAIRMAN—I understood Mr. Warner to say that he would discuss this plan with the general exporting association or some gathering of exporters.

Mr. MEYER—I do not want to take your time in discussing these questions, gentlemen. I just want to know if you have a hearing, I may have an opportunity at that time.

The CHAIRMAN—I think it would be quite wise if the various exporters of the various seaboard cities, feeling that they want to work out a way to go into the export trade again, would consult together and agree upon some plan rather than ask a series of conferences piecemeal with us, if that could be done.

Mr. MEYER—Along the line that Mr. Warner stated, I think he passed over one question on the program, and that was in discussing terminal markets. There is a paragraph here, and it occurs to me that the question of exporting might come under that head. If we are going to have a conference with you, it probably would be best to leave that all to the same discussion.

The CHAIRMAN—That was incidentally touched upon yesterday, was it not? That is the reason I passed it. As to the policy towards other grain, treated in permits, both inland and seagoing markets, it was touched on yesterday.

Mr. MEYER—I don't remember it.

Mr. EDDY—Mr. Chairman, I feel very strongly that the export interests, having been the hardest hit of any in the last two years, should be given an opportunity to participate in the business from now on, now that the war is over. I certainly see no reason why a plan could not be formed that would allow us to do a part of that business, and it seems to me that it is only right since we have had to take a back seat all this time that we now be given some opportunity to do it. I did not quite understand whether you said you thought there was a favorable chance of some plan being worked out, or whether you feel that there is not any opportunity to work out such a plan. You will repeat what you said, probably.

The CHAIRMAN—No, my statement was that any group of exporters wishing to submit to us a plan which they think is feasible for the restoration of the export business, by private initiative, would be given a hearing without delay.

Mr. EDDY—Well, I would like to put the question to you, do you think that it is possible to formulate some plan that would give us an opportunity to do some new business?

The CHAIRMAN—Well, considering the question of finance, plus the question of the necessity of the Grain Corporation marketing the wheat that comes to it, I can see some difficulties. They might be overcome.

Mr. EDDY—Of course, financing does not apply to all nations. Some are in good shape, and it seems to me that in the case of the neutrals, we should be allowed to do some business, do business with them without seriously interfering with the plans of the Grain Corporation; and my idea was something along that line. But I am heartily in favor of having a conference with you at a stated time, if you are receptive of some plan we may form that will allow us to do the business. I feel it is much better for us to start in on this business, having been out of it so long, and supervision having come up in the meantime, rather than having it thrown back on us next year at one time when this control is over. I see no reason why the plan cannot be formed that will allow us some participation.

Mr. MOORE, of Kansas City—As representing the Kansas City market, which handles other grain besides wheat, I would like to ask a question in regard to the first sub-topic, in regard to the policy towards other grains as affecting the space that is to be taken up or reserved for wheat. Will the Grain Corporation require the same percentage of storage as it did last year, or less or more? I think that is a matter of interest to markets trading in the coarse grains.

The CHAIRMAN—Let me answer that by this statement, and then you may comment on it or criticise it. We feel that as far as storage facilities are concerned, the wheat movement must have first call to the full extent of its requirements, up to the point where the current needs of business in other grains, must be served, and if the storage is required for wheat, that not one bushel of elevator capacity shall be put to the storage—storage purely—of other grains.

Mr. EDDY—Do you mean by that, Mr. Barnes, that you might require every available bushel of storage and markets for wheat, and not for the storage of oats and so forth?

The CHAIRMAN—Purely storage, yes.

Mr. EDDY—Purely storage might refer to any stocks that might be held or hedged in the market.

The CHAIRMAN—Other than those required to protect the current business in those grains, necessarily passing through that gateway.

Mr. EDDY—And that would allow a reasonable amount, or provide quick shipment, would it, Mr. Barnes?

The CHAIRMAN—That is taken into consideration. Last year in each market we tried to get the views of the market as to the amount required for oats and corn, and we may perhaps do the same thing this year, and propose to do the same thing this year on other grains, and supply that business. We have no idea of breaking that, but when it comes to storage capacity, if that space is needed for wheat, we are going to take it.

Mr. EDDY—Of course it is proposed, for instance, in our market, to carry stocks for Spring shipment of corn or oats for feeding purposes, and if the stock was not available it might have a very serious effect on the prices of those commodities if the order for immediate requirements could not be filled. I presume you have taken that into consideration.

The CHAIRMAN—That kind of preparation is partly sound and partly theoretical, but there is a point I think where our judgment would meet in considering that.

Mr. BINGHAM—Mr. Barnes, you do not include places like Louisville or Indianapolis or Cincinnati; it is just the places you are buying in storage points that you refer to where wheat will be given the preference?

The CHAIRMAN—Yes, I am speaking now of the storage space which we require for storage wheat. That necessarily carries with it the possibility that we might go outside of the recognized terminals and take storage space, although there is no definite plan now. Would anyone like to present their views on the record about exchange trading in wheat and the possibility or the advisability of trying to reinstate it in any way?

Mr. GATES—Mr. Chairman, there are somethings that we considered as pretty definitely settled when the present law was enacted by Congress and that is probably one of them, except insofar as the facility of the exchanges may be taken advantage of by the wheat director in the way of disposing of what may be left of the crop.

In other words, we have felt that inasmuch as Congress has delegated to the President entire authority in this matter, that it is not well for us to urge our position further, but that we are hoping that after we have gone through the first year's crop here, possibly there may be a disposition to permit the exchanges to open for the purpose of handling the wheat of the following year, and possibly in the way of assisting in the disposal of what may be left of the 1919 crop.

There is another factor which may enter into it very largely, and that is the possibility that Canada may return to a free and open market. Should that be the case we should expect that it would have a bearing on the attitude of the Wheat Director toward the exchange trading, but we have no disposition other than to co-operate fully with the wishes of the Wheat Director in this particular matter and have no wish to press our position in regard to an open market so as to in any way embarrass him or oppose the policy which he may think necessary for the best marketing of the crop; because, in the last analysis, he has the information as to the situation the world over, and we have not, and it is in his hands, and we so recognize it.

The CHAIRMAN—Is there any other comment on this particular phase? If not, gentlemen, suppose we proceed to discuss the baker's contract.

Mr. WARD—Mr. Barnes, in response to your request we have sent out a call throughout the length and breadth of the country and have invited here forty men representing the baking industry, and out of the forty men invited we have thirty-four present, so we feel that we have a fair representative committee, one representing the entire baking industry of the country.

Reverting back to the question touching upon yesterday as the licensing of the members of the baking industry, it was suggested that bakeries manufacturing one hundred barrels of flour per month be licensed. We have felt up to that moment that all bakeries should be licensed, and at a meeting later in conference with that part of our membership of this committee representing the retailers, we have reached a compromise on fifty and decided to request at your hands that all bakeries baking fifty barrels of flour per month or over be placed under license. We do that believing that it is necessary in order to convey as an industry the reflection of the resale price of wheat into bread.

The CHAIRMAN—Fifty barrels?

Mr. WARD—Fifty barrels per month. We have had a conference of the bakers, this bakers' committee, and have decided unanimously on some recommendations we would ask at your hands, in the changes of this contract, the principal one of which is that in making reductions in the resale price of grain it be understood that it is necessary to change the price in units of 65 cents per bushel in order that a cent price per pound of bread go over to the consumer and at a previous conference we undertook to explain the difficulty in getting over a reduction in the price of bread in a smaller unit than that of a cent, because that is our smallest monetary measure.

In order to back that up, we also request that in the licensing plan that may adopted, in order that there may be no difference in the method of conveying the reflection in the price of bread, that the rules of the Food Administration be amended to the extent of baking bread in units of one pound, one and a half pounds, and units of a pound be universal, so that all bakeries would reflect the price of bread on a universal plan, and with only one weight, that the public would know that we were baking bread, the weight of a pound or other multiples of a pound. In that way the bakers will stand squarely before the public on their bread in measured units, just as you are selling your wheat or barreled flour.

We further request the addition to the sixth paragraph, to read as follows—that upon the termination of this agreement the Grain Corporation shall purchase in accordance with its purchasing rules and customs, in accordance with the terms of the baker of wheat flour, then owned by the baker, or under contract to be purchased by him, on the basis of the guaranteed price, or that it be not such, the then resale price shall be filed on the day next succeeding.

We are leaving that a little in doubt, as to whether the one day can be made operative on the part of the small baker or not, or whether that should not be changed to ten days or more. And address to the zone office of the Grain Corporation in which zone the head office of the baker is located, and the details and exact amount of such wheat flour shall be given under proper notification within ten days thereafter.

That in short is the recommendation of the bakers' committee, and I think it is only fair that I can refer to the fact that unfortunately for the baking industry we do not rank up as business men with those millers or grain men and unfortunately we find ourselves in a crisis, as in most crises that

confront the industry, of not selling our product at the present time in conformity to the market price of flour. So that we would find difficulty in any immediate reflection until the industry had the opportunity of getting upon the right selling basis, and then being able to start fairly with the producer of grain and with the miller of the grain, in entering on a premium to carry over a proper reflection to the consumer. I think that covers the subject.

The CHAIRMAN—Just a moment, gentlemen, I am going to recognize Mr. Marcy, of Chicago.

Mr. MARCY—If the Chair would allow it, a number of grain men are still waiting on the matter of the appointment of the advisory committee, and we might dispose of that matter. Last year at this meeting we had considerable controversy and quite a talk as to the formation of an advisory committee. Finally a plan was hit upon and an advisory committee was appointed by the different elements of the grain trade, who co-operated during the past year with the Food Administration in quite a successful manner. They have been the means of the grain trade communicating closely with the Food Administration, and it seems to me that those gentlemen have so fulfilled their duties, sacrificing both in a financial way as well as their business time, that it would be quite proper to reappoint that same committee, and therefore if the Chair considers it proper I would like to offer a motion that the sense of the meeting be that the same advisory committee representing the grain trade be reappointed.

Mr. McMILLAN—I second that motion, Mr. Barnes. I think the entire grain trade will endorse it, and believe in the very efficient work this committee has done, and they believe that they are better qualified to do the work than any new committee could possibly be, as they have already acquired a great deal of experience which is of great value to the whole trade.

Mr. GOODRICH—Mr. Chairman, I would just like to amend that motion just a little. I would like to endorse everything that the two gentlemen have said, but inasmuch as this wholly refers to wheat this year, and is sort of international, I would like to have the privilege of naming the committee. We have no objection to those that have been named, but we would like to change our committee just a little. Further, to spread this a little bit farther, I think it

would be well to recognize the National Council Farmers Co-operative Association, and have them name one member to this committee. I offer that as an amendment.

Mr. MARCY—You are connected with the National Grain Dealers?

Mr. GOODRICH—I am president of the National Grain Dealers.

Mr. MARCY—As I understand it, you desire—so far as your association goes, to change your membership?

Mr. GOODRICH—Yes, sir.

Mr. MARCY—And the members of the other association stand?

Mr. GOODRICH—As far as we are concerned, it is satisfactory.

Mr. MARCY—And you include one more representative of what?

Mr. GOODRICH—The National Council Farmers' Co-operative Association.

Mr. MARCY—That would make the committee then thirteen?

Mr. GOODRICH—Yes.

Mr. MARCY—I have no objection to this amendment. I dislike very much to see any of the members changed on the committee, but at the same time if that seems to be the desire of the National Grain Dealers Association, they certainly should have the privilege of appointing their own people. I would accept that amendment.

The CHAIRMAN—Last year the method of formation of the committee, Mr. Marcy, if you recall, was that each of the associations would name three representatives to constitute this general committee. Is it conceivable that the membership of any of these organizations not here present might desire their officers to name other representatives besides the Grain Dealers Association?

Mr. GOODRICH—I beg to qualify that. We have two members on our committee who positively want to be relieved—in fact have requested me not to appoint them.

The CHAIRMAN—Would it be well to leave these associations to appoint their own members, and allow them to name them whenever they desire to?

Mr. PECK—I have reappointed the same three men to come here as we had last year for the Terminal Grain Merchants.

Mr. PAINE, of Memphis—Mr. Chairman, I represent the Wholesale Grocers Association of the South. We are naturally flour dealers, and I just wonder if the representation of flour dealers is confined exclusively to flour handlers, or does it include wholesale grocers?

The CHAIRMAN—I think it would be a very good idea if you flour handlers and flour jobbers could agree on some method of an advisory committee in respect to that trade.

Mr. PAINE—I would be perfectly glad to do that. I would just like to ask for information as to what the personnel of the committee is.

The CHAIRMAN—There is no national advisory committee of flour handlers now. I should be glad to have one to call on.

Mr. BURNS—Mr. Barnes, we have an organization—have organized a national organization composed of representatives from eight of the distributing cities in the east, taking in Chicago as a distributing city. We believe also that the flour jobbers or the wholesale grocers who do a flour jobbing business are properly included in the class of what is known as flour jobbers. In some sections the entire flour business is done by the wholesale jobber. Therefore we would be glad to have them join with us in anything that will help along this matter.

The CHAIRMAN—My suggestion is then, that your National Flour Jobbers Association, which you speak of, as just formed, should consult with the others and see if you cannot agree on a small committee—as large as should be necessary—and suggest to me after this conference, or now, that I recognize them as an advisory committee for the flour handlers.

Mr. HORAN—I shall arrange it.

The CHAIRMAN—I thoroughly agree with you that these different organizations should appoint their own members. I think that is best, to leave it just as was done last year.

Mr. GOODRICH—I thought that was in Mr. Marcy's contemplation, except with the addition of the one member I suggested.

Mr. MARCY—I would think my motion would cover the matter, to reappoint the same gentleman and certainly if some of them desired to resign, and their association reappoint others, they will do so. That will cover the case of the National Grain Dealers Association. It seems to me to reappoint the same committee, the subject of the changes being made by the presidents of the different associations, would cover the matter, and to include this additional representative of the co-operative elevator company.

The CHAIRMAN—That is, you qualify it by saying subject to any change that the presidents of the constituent associations may desire.

The CHAIRMAN—I see no objection to that. Is there objection? If there is no objection, the selection of the advisory committee is made by the President of the Grain Corporation, and he will be guided in accordance with this express motion, without formally presenting the motion. Let us go back to the baker's contract.

Mr. FAIRCLOTH—E. C. Faircloth, representing the Southeastern Association of the baking industry. We did not anticipate we were going to have any trouble at all to get what we wanted, and what we ought to have, and I do not think we ought to have any. Just a moment ago I heard a gentleman over in this corner say it seemed as if every one here had an axe to grind. I think the Chairman is the only man here that had an axe to grind, and it was our duty, as patriotic American citizens, to come up here and help him to grind it. That is what we are doing.

I was very much pleased with the paper the Chairman read. Down our way it is preferable for that simple, forceful, chaste, English language that we have to go to Lincoln, Nebraska, to find the men. He comes down to our place about every year and shows us how well he talks English. Mr. Bryan was down there a few days ago; but I believe the thing has spread a little further there in the West, and they also have that character of language, much less prevalent up there in Duluth, the place that Proctor Knott said was the zenith city of unsalted seas—Duluth. That is what it is, I believe. I have heard a great deal said—I have been a miller near all my life—baker about twenty years. I heard a great deal said about how they ought to get some added money, because of the storage, carrying. Two cents per month per bushel. I think one gentlemen suggested it ought to run about twenty months, 20 cents, 90 cents a barrel. That will

all fall on the baker, and if I ever find any way to reflect anything from the price of the flour into the bread business, I don't know—I don't remember it. The miller will reflect it on you three times the sum paid, but the baker is only reflected once in twenty years—sold bread at the same price in twenty years, except one time, during the war. If there was any reflection at all at one time, it was a reflection of the quality of the bread that they made us make. Down in Mississippi there was a lot of darkies got together, and they decided they would open a bank for depositing—I mean do it in the daytime—they open them down there at night very often (laughter). The first man to make a deposit was an old field nigger. He put ten dollars in there and they did not see any more of him for ten years, and he walked in there one day and said he wanted his money. The cashier says, "What money?" "Ten dollars I done put in there ten years ago." "Ten years ago?" He says, "Don't you know, nigger, the interest done eat that up long ago?" That is what they are going to do with this storage on us. They are going to go and eat on storage until they eat the baker up. If two cents is not enough, I am willing to give three cents. We don't come here to protest. We stand the gaff and do it pleasantly, and down our way I have had the extreme privilege of being Chairman of the State on this Four Minute talking proposition.

They talk anywhere from four seconds to four hours, some of them, but they all had their hearts in the right place, and I watched them and looked after them, and they developed a habit down there. They have gotten a slogan that was a good one; whenever there was any question about how the war ought to be won, or when some soap box orator said, if they would only turn it over to me, gentlemen, I would fix it—you know they have them everywhere, except New York. They don't have them here. They used to say, "We will just leave it to Woodrow."

I came up here perfectly willing to leave it to Julius. That is what we ought to do.

The CHAIRMAN—I was afraid, when he arose and made known that his profession was the handling of loaves of bread, that he was all cut up about it, and liable to get quite crusty. As I understand you, Mr. Ward, your main recommendation is to license regulations, and you would like to have the size and weight of the loaf prescribed by regulation? That part of the recommendation is on the record.

Mr. WARD—You can see, Mr. Barnes, there are two or three different ways of reflecting any change in value on the price of bread, very confusing to the public, and I think it would look rather ridiculous for us to be placed in a position where we were offering a price reduction, except under one general plan. Therefore, I think the simple way and the effective way would be to embody that as one of the license regulations. That was under the Food Administration regulation, and it was very simple and effectively carried out that way.

The CHAIRMAN—Of course, the Food Administration attempted to prescribe your retail price as well.

Mr. WARD—No; excepting they reviewed it, just as you expect to do, and we are perfectly willing to have you do that. We think you can do it better than the baking industry as a whole.

The CHAIRMAN—You propose now a termination clause, in which the Grain Corporation is bound to take over your unsold stocks. How essential do you think that to be? Do you lay considerable weight on that?

Mr. WARD—Yes, we think it is essential. I will ask Mr. Arthur to explain it to you, in view of the fact that he is an experienced buyer.

Mr. ARTHUR—At the end of the contract, Mr. Barnes, we just had about sixty days supply on hand and it will be worth whatever the difference in the market is. Any reflection in the price is dangerous to us ourselves. Really the only reason we want to have a contract——

The CHAIRMAN—You see that is outlined in the flour jobbers' contract. All the Grain Corporation proposes to do is to name a price, which will take all flour, that price being based on the straight flour, as the jobber in falling back on that protection will lose his premium with his higher separation of flour. The baker, in addition to that, would have it. Do you still feel that the baker ought to have a chance at least to fall on that?

Mr. ARTHUR—I sure do.

Mr. WOLLMAN—Mr. Wollman, of the Federal System of Bakeries of America. I think there should be a clause taking over our final stocks.

The CHAIRMAN—You think there should be a clause, taking over your final stocks?

Mr. WOLLMAN—Yes, sir, where you are applying excessive amounts of flour, running ten to fifteen thousand a month, or along those lines.

The CHAIRMAN—Let me ask you as a practical matter, I suppose any baker would not deliver all of his stocks. He would keep a week or ten days' or something.

Mr. WOLLMAN—Oh, of course, we have storage facilities in some places, and other bakers have not, and some bakeries would keep this flour for two, three or four weeks. Of course, it all amounts to the space they have, and in other points there is storage, but we believe we ought to have that flour taken off our lands.

The CHAIRMAN—In order that that should not be abused for pure speculation in the accumulation of stocks, your thought is it would be all right to limit that to not exceeding thirty days' consumption?

Mr. ARTHUR—Sixty days.

Mr. WOLLMAN—I beg your pardon. Anyhow from 30 to 40 days, or we will say 60 days will be still better.

The CHAIRMAN—I think you ought to make it just as small for us as you feel would not disrupt the trade.

Mr. WOLLMAN—I was just figuring that out. That is why I said thirty or forty days.

Mr. ARTHUR—A reasonable time would be 60 days.

The CHAIRMAN—If the flour you turn back is, for example, limited to the normal consumption for thirty days, and you say you would not deliver down any closer than perhaps ten days, that takes it to forty days.

Mr. ARTHUR—It takes about sixty days to turn around in the bakery business. You cannot get away from it. I think any baker here will bear that statement out—about thirty days coming and about thirty days going.

The CHAIRMAN—We will try and work out a clause, and can we discuss it with Mr. Ward here at the next hearing?

Mr. WARD—Yes, sir.

Mr. FOLEY—Sixty days would be absolutely necessary in California points on account of the irregularity in receiving supplies there. Most of the wheat has to be brought in from Kansas, Montana and Dakota, and we cannot run our stock as short as that.

The CHAIRMAN—Do any of the flour jobbing or flour handling trades care to make any comment on these proposals and on this contract?

Mr. HORAN—The only interest we have in it is a small baker who necessarily depends upon us for his supply, and if I understand it right, if he signs the contract, no matter how small he is, he will be indemnified for any flour in the same way that the larger baker is; is that correct?

The CHAIRMAN—That is the statement I made.

Mr. HORAN—We realize that he will be up against a question as to whether the filing of the report and everything will equalize the possibility of a saving he may make by careful carrying of stock.

Mr. KRAMER—C. J. Kramer, representing the Retailers' Association of America. The question is before the retailers, upon what basis the reflection would be figured, and they have felt that there was really no foundation from which to figure a reflection, should it occur, that we would have to make one, and we desire to offer this here for the record:

> "The representatives of the Retail Bakers' Association of America respectfully submit the following and ask that it be placed upon record.
>
> "The statement furnished by our representative at the preliminary conference on May 14, 1919, as to the cost of manufacturing bread and now on record, plus a reasonable profit, shall be considered as a basis price from which the retail price to consumers shall be computed and effected."

This applies to the fourth division, where it says when there is a difference in the opinion of the Grain Corporation and the bakers, what price should be reflected into the resale. With this we endeavor to offer a basis from which such reflection might be computed. Otherwise I haven't anything to add to what Mr. Ward says and fully endorse what he says.

The CHAIRMAN—Is there among any of the bakers any feeling about the recommendation about the standardization of loaves, as being dubious or doubtful? The bakers are unanimous, are they? Any other phase of the baker's contract that you want to present?

Mr. WARD—One other point, Mr. Barnes. In our suggested change in this contract, we have left out the term "bakery products," as we believe this reflection can only be in bread. The question of pastry, pies, colors, little French pastries and things of that kind, the amount of flour going into those products is so immaterial in considering other ingredients, such as eggs and sugar and butter shortening, flour becomes a very small part of the price of the cost of manufacturing these products. Therefore, we see no way in which we could effectually reflect the prices of flour reduction in these goods. I think that answers the query that might be in your mind as to why the cracker bakers are not here represented, although they have been invited. In our list here, we have the President of the Cracker Bakers Association. He has not responded to your invitation and I understand that is the reason.

The CHAIRMAN—I think if we segregate your business into two divisions that way, that the payment of the resale adjustment should only be made in relation to the flour which goes in your bread?

Mr. WARD—That is satisfactory.

Mr. BELL—Without wishing in any way to interfere in another industry, in view of a statement which you made that certain articles, similar in all agreements, have to be the same, there are one or two points in connection with the baker's contract, while having possibly not so much influence upon bakers as it does upon the miller, are very vital to the latter. Now, I do not want to see this contract passed, and carrying with it an obligation to make these similar clauses the same in all the other contracts, without protesting. I think it would be more becoming to introduce it at the time of the discussion of the miller's contract, but if you think it should be discussed now, I would like to make reference to it.

The CHAIRMAN—Well, I think, Mr. Bell, that as my counsel Mr. Shattuck, sets forth, that in all of these contracts we are getting the opinion of the trades. The final placing of those contracts will be in our hands and while we try to make them

uniform, the mere passage of the baker's contract now does not necessarily bind us to put it out in that form, but we have an idea of what is acceptable to the baking trade.

Mr. BELL—That answers my question. That leaves the matter open in relation to the millers' own phraseology when we come to discuss it.

The CHAIRMAN—I think, in view of the simplification of the discussion, that we will pass that, instead of raising the question now.

Mr. BELL—Thank you.

Mr. DAVIDSON—Mr. Chairman, I have one thing more in mind, and that is that the average baker ages his flour from thirty to forty days before using it. I think that ought to be considered in connection with the flour.

Mr. TOOMEY—I would like to know if the macaroni manufacturer is going to get the same protection as the bakers?

The CHAIRMAN—Is the macaroni manufacturer also a manufacturer from wheat?

Mr. TOOMEY—Yes; purely wheat.

The CHAIRMAN—Does he do his own grinding, or is he a buyer of wheat products?

Mr. TOOMEY—It is farina and flour both. All the macaroni industries we have have practically gone out of business in the last year and a half. I don't think the factories throughout the country are running over 25 or 30 per cent. of their capacity. Unfortunately, the convention of the National Association has been held at St. Louis during these days, and for that reason we have not very much of a representation.

The CHAIRMAN—The difficulty I see in applying the baker's contract to you, is the protection of taking over the stock at the termination of the contract, because your material is in a form which the Grain Corporation does not customarily use in its business. The guaranteed adjustment might be arranged, I should think, by a special contract.

Mr. TOOMEY—Of course, we are suffering. The baker has not been hit like we have. We have been reduced in capacity last year under restrictions, and then the government practically advertised that people should refrain from macaroni, and then again what little export business has been worked up has been

taken away by South America. They have been enabled to sell at five cents a pound cheaper in Great Britain, the difference in the cost and the difference in the freight over there today. I suppose there are the largest stocks of macaroni in this country ever known today, and approaching the bad season, and we feel we are as worthy of as much attention as the bakers.

The CHAIRMAN—My conception of your position is this, that you are exposed to a possible loss by the establishment of resale prices any time, to the extent of your purchases then outstanding, but your guarantee afterwards on that level do not prevent any loss to you. Now, I suggest that your association talk this over among themselves, and see if you require the protection, and bring it up with us.

Mr. TOOMEY—We have two associations and I believe the committees formed in this convention now will probably come to some understanding in the matter and present it to you.

The CHAIRMAN—Are you ready to proceed to the consideration of the flour jobbers' agreement?

Mr. HORAN—Hubert J. Horan, representing the Merchants Exchange of Philadelphia and Flour Club of Philadelphia. I am practically speaking for most of the dealers and men connected with the new organization, and you know a committee from the four cities met with you and took this agreement up, and went through it, and after we have given it careful consideration, we have come to the conclusion that we did not want to ask you to make any changes. At the same time we realize that there may be a contingency arise that something may be—some change may be needed, and I think that is fully covered by your proposal for us to appoint an advisory committee, who no doubt you will call upon to hear what changes you deem advisable.

The CHAIRMAN—That is all. It is our intention, gentlemen, that these contracts will go out from New York to the trade, in their final form, not later than next Monday. That is what we are going to try to do, so that if we do have any changes in those jobbers' contracts, we can get you and the original flour jobbers committee, can we not?

Mr. HORAN—Yes; you can get the original. Telegraph to me will get the three of them at once. They will come promptly. As I say, there has been the question raised as to change in the methods of the guarantee. The millers have spoken to us, and to be frank, we have hardly been able to grasp it—grasp what it

means now. That is the truth. We have tried to see. We have here a proposition, as we understand it, that on the 31st of May we have the privilege of tendering you all the flour we have. Then we have also the privilege of informing you that we wanted to defer delivery for 45 days, and during that 45 days we take care of our trade requirements. At the end of that time, which would be July 15th, we then have the privilege of tendering you the balance of the flour. That is a correct statement.

The CHAIRMAN—That is right.

Mr. HORAN—And of course if we want to ask you, I guess there is no doubt you would be willing to sell it to us as well as to anybody else in the trade.

The CHAIRMAN—At the end of 45 days, you have another option of keeping that flour, or giving us back the amount of the original flour still unsold.

Mr. HORAN—That is what I mean, but if we don't exercise the option up to 45 days, then the flour is ours; is that correct?

The CHAIRMAN—It is obligatory for you to tell us which you want to do.

Mr. HORAN—At the end of the 45 days, we ought to announce to you what we are going to do, and then if we don't do it, the flour is ours, or is it yours?

The CHAIRMAN—Provided that the flour jobber may, by telegram, and in the same manner, at the end of said 45-day period, take over such unsold flour for his own account.

Mr. HORAN—Then if we don't notify you we are going to take it, then the flour is yours?

The CHAIRMAN—Yes, sir.

Mr. HORAN—Then it is up to us on the 45th day to tell you that we want to keep the flour?

The CHAIRMAN—That is it.

Mr. HORAN—In view of that fact we have gone over this contract as you made it out, and at the present time we can see no reason to object to any portion or provision in it. That is as near as we can put it. (Applause.)

Mr. QUACKENBUSH—Do I understand that the final contract is to be planned to be issued on next Monday?

The CHAIRMAN—Yes, sir.

Mr. PAINE—J. R. Paine of Memphis. Mr. Barnes, as I understand it, all flour jobbers will be subject to a license?

The CHAIRMAN—That is the proposal.

Mr. PAINE—Now, the contract is optional?

The CHAIRMAN—Yes.

Mr. PAINE—Then if a flour jobber elects not to sign a contract, has he the same access to a supply of flour from his mill as does the jobber who signs the contract?

The CHAIRMAN—Certainly, unless the mill thinks the fact that he has not a contract affects his credit.

Mr. PAINE—That is between him and the mill, but so far as you are concerned, he is in the same attitude as the man who signs the contract?

The CHAIRMAN—Certainly.

Mr. PAINE—The reason I ask that is that we have been able to canvass some of the wholesale grocers. We find that in some few instances, they fear that the operation of this plan will require ultimately making more or less reports, and more or less inspections by your office, and some are fearful that that would involve considerable extra work, and they hesitate, therefore, about signing the contract, and I wanted to bring out that point. Now, another point: In the event that a jobber has signed a contract, and there should be a resale price, lower than the guaranteed price, and he gets his adjustment—assume there should be an advance in the price point beyond the $2.28 basis, where does the requirement that he pay back to the Grain Corporation stop, at $2.26?

The CHAIRMAN—At $2.26.

Mr. PAINE—If it goes somewhat higher, then that is his privilege to take the extra profit?

The CHAIRMAN—Yes.

Mr. PAINE—Then the question of grades. Some of the wholesale grocers, of course, are not very well versed in the matter of grades. Now, as I understand this, 4½ bushels to the barrel is based on 95 per cent. flour. Then are the mills to make still as many grades of flour as they care to make, and is the flour jobber to maintain the difference as established by the mill?

The CHAIRMAN—We do not attempt to supervise that in any way. What we say is that when you sell us that flour under the contract, if you wish to sell it to us, the basis we will pay will be only a fair price for so-called straight 95 per cent. flour, and you will lose whatever premium you have paid for the other flour.

Mr. PAINE—At what time is the jobber required to decide that he will sign a contract—right now?

The CHAIRMAN—We haven't put any termination date on the offering of these contracts.

Mr. PAINE—Can he proceed without a contract for two or three months, and then take up and sign a contract?

The CHAIRMAN—I do not know. I do not want to say now that it is going to be left open indefinitely.

Mr. PAINE—Suppose he starts a new business October first. I assume he would have the privilege then to sign a contract, if he becomes a flour jobber after July 1st?

The CHAIRMAN—Well, it would be rather embarrassing to put into the record any expression on that, Mr. Paine.

Mr. PAINE—Then another question: At the present time, you have, I believe, in mind not to fix a definite margin of profit, but let that proceed under the license regulation?

The CHAIRMAN—Yes, I have referred—I put it this way, that I have a conception that competition itself and the fair play of business motives—fair business motives will keep margins within reason.

Mr. PAINE—Are you able to give any idea on what the license report will be? That is rather a timely topic with a wholesale grocer. He seems averse to making these numerous reports that he was called upon to make by the Food Administration.

The CHAIRMAN—No, I cannot say, Mr. Paine, at this time, what reports will be required.

Mr. PAINE—The contract reports will simply be made in the event, I judge, of a change in the price. Otherwise there will be no contract report to make.

The CHAIRMAN—I simply cannot make any expression that would seem to curtail our right to ask for any reports that may for any reason develop as necessary, except the general statement, because we make the license regulations so few and

simple, is because we want to correct the abuses and make those as little burdensome as possible.

Mr. FERGUSON—My name is Ferguson, of the Flour Trade Association of San Francisco, Mr. Chairman. We want one point of information regarding the fifth item in the flour jobbers' contract, regarding termination in the markets. Our situation in San Francisco, as you probably know, is a little bit different than other markets of the United States, because of the fact that approximately sixty per cent. of the flour that is used there is manufactured of Minneapolis or Dakota spring wheat, or Kansas winter wheat. There is a differential in the price from our coast wheat flour, varying from $1.50 to $3 a barrel. My idea in bringing up this matter is for the purpose of preventing a repetition of what occurred to bakers and flour jobbers in San Francisco at the time of the repeal of the substitute law. We find ourselves with large stocks of substitutes on hand, on which we had paid a freight of $1.50 from Middle West points to California, and the loss that we sustained at the time of that repeal was very great.

Now, whether or not some arrangement could be made to take care of what flour we turned back, of spring wheat quality—I don't say it could be, but I thought it was worth while.

The CHAIRMAN—It would be very difficult to provide a scale of any kind.

Mr. FERGUSON—Your idea is that it would be better for us to work pretty close to the wind at that time.

The CHAIRMAN—You will have to use your business judgment, but what we have done for you is to give you two periods when you can exercise your judgment on whether you want to turn over what you have left there or not.

Mr. SANDS—I notice that in the copies listed under the program of trade agreement of flour dealers and jobbers, the tentative draft is flour jobbers' agreement. Now, I suppose that under the head of flour dealers and jobbers will come all men who deal in flour in any way, shape or manner, grocer and dealer of any size, shape or condition. That is, if he wants to be protected under the agreement that he will be allowed to do so, provided he signs a contract. Am I right?

The CHAIRMAN—That is our desire.

Mr. SPAULDING—We agree with Mr. Horan's statement in connection with this contract, but in doing so we have in mind

Section 5, which refers to a contract agreement between buyer and seller, and in accepting, we assume that there will be no stated form of contract between miller and jobber, until we have an opportunity to acquiesce in the terms and conditions of such a contract.

The CHAIRMAN—That is, you want to introduce in the record your objection to our specifying the exact form of any contract?

Mr. SPAULDING—That is the idea.

The CHAIRMAN—Other than the general stipulation.

Mr. SPAULDING—In your Article 6.

Mr. ALBRECHT—Julius J. Albrecht, of St. Louis Merchants' Exchange. Do I understand the Grain Corporation will only take 95 per cent., no clears or low grades?

The CHAIRMAN—Take nothing below 95 per cent.

Mr. ALBRECHT—Has the Administration definitely decided on that, or is its mind open to argument?

The CHAIRMAN—You mean as to the indemnification?

Mr. ALBRECHT—Yes; indemnification on low grades and clears.

The CHAIRMAN—I think when you begin to go below 95 per cent. flour, you begin to get pretty close to the mill feed line.

Mr. ALBRECHT—There are first clears, and the government has been buying them. Now, the avenues for sale on clears and low grades have been closed by the Grain Corporation, controlling all the exports, and there is some limit to trade for low grades and clears in this country, and we feel—the jobber who supplies some of that trade, we feel should have protection on that class of goods he has on hand at the close of the contract time. We think, Mr. Barnes, that some indemnification could be paid him on those grades.

The CHAIRMAN—I am not quite clear whether the difficulty in the way could be overcome entirely or not. I think your suggestion has been the first one that has reached us, to reach below 95 per cent. flour. How serious do you really think it is?

Mr. ALBRECHT—Well, pretty hard to define how serious it is, but even though it be not great, it might seem to some a whole lot, depending on the class of business we supply, and

naturally every dealer's interests are vital to himself—paramount.

The CHAIRMAN—I will be glad to take your suggestion on the record, and will give it some thought.

Mr. ALBRECHT—Another question I should like to ask: What will be the status of Porto Rico under this contract? Are these contracts to be offered to merchants there, or will the miller and flour exporter doing business at Porto Rico have to assume all of the risks on a resale price?

The CHAIRMAN—Well, Porto Rico and Alaska, to tell you the truth, have not entered into our calculations.

Mr. ALBRECHT—Aren't they parts of our great country—our great nation? What would we do with those sales?

The CHAIRMAN—I am not prepared to close the door to Porto Rico's protection, but it seems to me it would be rather difficult to extend it to Porto Rico.

Mr. ALBRECHT—Well, you can easily see, Mr. Barnes, that those doing business in Porto Rico stand in a position where they can lose considerable on contracts they have on hand, for those people, by an automatic decrease in the price, due to a government agency which they are part of.

Mr. HORAN—Mr. Barnes, it really seems to me to leave Porto Rico without protection under the conditions, would be to decide unfairly to us or any place in the Union. No flour could go in there except from the United States. You would not allow Canada to put flour in there.

The CHAIRMAN—Your theory is that contract protection should be extended to Porto Rico?

Mr. HORAN—I do not see how, in justice to the man that is here—how you can do otherwise when you consider the status of the people of Porto Rico. You won't let any Canadian flour in the United States, and Porto Rico is part of the United States, and therefore it could not go in there.

The CHAIRMAN—Well, I must say that the subject is new to me. I would like to think it over.

Mr. HORAN—I think it is an entirely different position from Cuba, or any of the other places in the western hemisphere, and stands in a class by itself.

The CHAIRMAN—Porto Rico, of course, has this advantage, that there will be competition among our vice-presidents to have it put in their zone.

Mr. GLOSEMEYER—The point is well taken in regard to Porto Rico. Those merchants in Porto Rico are operating under a license, issued by you people. They are just the same as the flour jobbers are in this country, and you will find that they cut considerable of a figure when you come to try to make a settlement with them. There is about a million and a half people on that little island, about forty by eighty. They are all hungry. They eat a lot of flour, and if they are not considered in the final wind-up of the millers and others that sell in Porto Rico, you are going to get in trouble.

Mr. FISHER—Frankly, we have assumed that Alaska and the Hawaiian Islands in particular would be indemnified. The trade with that territory is just as much local and weekly, just as it is between Oregon and Washington. The Food Administrator of Alaska we meet regularly with the Food Administrator of Washington and Oregon and Idaho, and their interests are in common, and if we act jointly, the merchants of Alaska, I am sure, will expect indemnification from you.

The CHAIRMAN—I had hoped the Grain Corporation would not have to go any further than Finland and Poland.

Mr. FISHER—We are perfectly willing you should put Alaska and Hawaii in Mr. Houser's zone, and I am sure he will assume the responsibility. Of course, the Philippine Islands go with the rest.

Mr. HORAN—Mr. Barnes, you know there is another island we own, if you recollect, the Virgin Islands, that we bought about a year ago. We own that all, stock and barrel. We bought and paid for it. I do not know how rich it is.

The CHAIRMAN—I am going to get a national geography. Are there any other unexpected places?

Mr. GLOSEMEYER—I would mention the Virgin Islands.

The CHAIRMAN—We have got that. Outside of those few points, entirely satisfactory.

Mr. SPAULDING—Mr. Barnes, did I understand you would consider the matter of low-grade clears?

The CHAIRMAN—Yes; we will give that some thought. Gentlemen, we seem to have finished the bakers' and the flour

dealers' and the grain dealers' contracts. Let us take up the millers' suggestions.

Mr. BELL—I think that the milling industry presents unquestionably many more difficulties than any of the other industries coming under the Wheat Control Act. In view of the many involvements in the industry itself, and in view of additional involvements growing out of this two-day conference, and further in view of the fact that our committee is in complete accord, that we have received the endorsement of all delegates and miller representatives here, that we have had full plenary powers conferred upon us by the different mass meetings held in different parts of the country, we would suggest that the millers' contract be made the subject of a conference between the Wheat Director and the Millers' Committee. We feel to discuss it here would take unnecessary time, and think the best interests could be served by going into the details with you.

The CHAIRMAN—I think, Mr. Bell, inasmuch as these contracts all interlock and underlie and the other contracts have been discussed in open conference, that the only fair way to present your criticism or suggestions to the millers' contract, would be in open meeting.

Mr. BELL—As I say, in view of the new phases which have arisen during these last two days of discussion, it would be very difficult to prepare in full detail the many changes that we feel are necessary. We have, in so far as we were able, within the time allowed, prepared and will offer you in writing the essential changes, but with a reservation that other changes may be incorporated.

I want to say, Mr. Barnes—preface my remarks by saying that the points that we will bring up are not raised in the spirit of antagonism to you as the Wheat Director or to the Grain Corportation. In fact, it is with quite another spirit we approach the matter, one of co-operation, one of intense desire to help you carry out the very heavy obligations that have been placed upon you. I hope in the discussion of these matters, our spirit will not be misunderstood. We worked with you for two years, and came to know you, came to have confidence in you. We appreciate the sacrifice that you have made in taking this place. In many views of this situation, your personal word would be sufficient, but you may not always be the Wheat Director. It may be Congress may constitute another body—another power. Your health might fail. Many things might happen, and we would

have no man to direct the industry, the third largest industry in the United States. His views might be quite at variance with your own. His policies quite contrary to those under which we had negotiated the contract. Therefore, these points we bring up are not personal, I assure you, only directed in safeguarding the industry.

I want to say to begin with, that our suggested amendments bear the unanimous approval of the Committee of Nineteen, now composed of sixteen members of the millers' committee and three of the community millers, and bearing the further endorsement of all delegates and a majority of the milling industry of the United States.

We cannot agree to the interpretation given by Mr. Shattuck as to the power of the Wheat Director or President under the wheat guarantee, not to change the prices declared in the Presidential proclamation. The act itself recites two proclamations in the opening section, and in the third section states that the President is authorized to buy or contract for the purchase of wheat, for delivery of the same by Presidential proclamation, or such other place as he may designate, for cash, at a stated guaranteed price, and he is authorized thereafter—thereafter, after he has bought at the guaranteed price as named in those two proclamations, he is authorized thereafter to sell as the Federal agency may see fit.

In view of the fact that this matter has arisen, in view of the fact that there is a difference of opinion as to the powers of the Wheat Director, and in view of the fact that any change made in these base prices would be—the signer of these agreements, bound as he is by its terms for a period of eleven months, he would contract himself out of business. Therefore, we suggest that part first of the Wheat Director's proposed contract should be amended at the opening paragraph beginning " Memorandum of agreement," be amended by striking out the final period of said clause, and adding thereto as follows: (See file.)

In part 2, a slight change is suggested. We strike out the words " 4½ bushels of wheat," and substitute in lieu thereof, "4½ bushels, 58 pounds or heavier weight."

Part third, paragraph two, the concluding sentence be amended to read: (See file.)

The CHAIRMAN—You heard the discussion this morning with the grain dealers and the general conclusion. Have you any criticism on the method finally indicated?

Mr. BELL—I was called out of the room, just as the final end and I did not hear your conclusion.

The CHAIRMAN—The discussion this morning finally took this stage, that that simply be sent in the case of dispute upon weight of any grade. You do not object to that.

Mr. BELL—No; the only objection we had was the impossibility of keeping these samples on hand.

Part fifth, a slight change there in the phraseology, to be amended by the addition of the word "unsold" preceding the word "flour" on line six. (See file.)

Part eleven, divisions A and B to be stricken out, and in lieu thereof the following substituted: To follow the text of your own proposal, you can see very readily the changes that we have made. "The miller may retain and take over all unsold wheat and unsold wheat products the miller has on hand as of May 31st, or earlier termination date, and release the Grain Corporation from any obligations further to assure a market at the guaranteed price, or any reflection thereof, as provided in Section A of this agreement; provided, that if at the termination of this agreement there shall be in effect the Grain Corporation resale price lower than the guaranteed price, the Grain Corporation will pay to the miller, on proper verification of the difference, at the guaranteed price, and the resale price on the amount of unsold wheat and unsold wheat products the miller has on hand." (See file.)

The CHAIRMAN—Develop, Mr. Bell, what significance there is in the changes of phraseology.

Mr. BELL—The main difference there is wheat products are flour. Division B: "The miller may sell to the Grain Corporation at the guaranteed price all or any part of the unsold wheat the miller has on hand, and the miller will make delivery of such as designated, as sold to the Grain Corporation." (See file.)

I think you will clearly see the difference between this paragraph and the one that you have suggested. We are not asking you to take over any flour. In fact, under this clause, you would not take over any flour. You would pay us the difference existing in cents per bushel, existing between the guaranteed price and the resale price as of May 31st, or resale price that might be created during the subsequent 45 days, and we would undertake the responsibility for the distribution of that flour and its sale, at a price based on the proper conversion charge and allowance.

The CHAIRMAN—Without claiming any indemnity on the flour itself during that period?

Mr. BELL—Yes; you pay us the difference between the guaranteed price and the resale price, upon which price basis the sales of flour have been made.

The CHAIRMAN—But not in respect to any unsold flour at the beginning of May 31st?

Mr. BELL—Yes, sir.

The CHAIRMAN—Does it say so?

Mr. BELL—Yes, sir; all unsold flour sold during this 45-day period, and any unsold wheat converted into flour during that period.

The CHAIRMAN—Yes, but don't you consider with the amount of unsold wheat as of May 31st, without including also wheat flour?

Mr. BELL—Yes; that is where the miller elects to defer the delivery of that wheat for 45 days.

The CHAIRMAN—What about the unsold wheat flour as of May 31st?

Mr. BELL—We would continue to sell this during that time, and you would pay us the difference between the guaranteed price and the resale price, with the understanding that such sales should be made within the limit of the allowed conversion and service differentiation.

The CHAIRMAN—Perhaps I did not get it clearly, but I thought you started with the amount of wheat only as of May 31st?

Mr. BELL—No; it is unsold wheat. The delivery would be wheat, you understand. All we can deliver you is wheat. You indemnify us for flour that we had on hand between those periods. We don't deliver the flour. All we can do is deliver you wheat.

The CHAIRMAN—I will be glad to consider that.

Mr. BELL—We believe that is in your best interests, Mr. Barnes, and in the best interests of the industry and the general public. It means the return to former conditions within the milling industry, and the exercising of the millers' initiative with the least possible time and the least possible confusion, and subsequent effects that might follow.

The CHAIRMAN—It is the judgment of all of the millers here that that would accomplish it and would not jeopardize the adequate flow of flour.

Mr. BELL—I have the assurance of all millers, including the representatives of the smaller millers as well.

Mr. Bransford and these gentlemen are part of our committee, and this is a committee of nineteen, of which these gentlemen are a part.

The CHAIRMAN—That suggestion will be followed.

Mr. BELL—Yes; part 12 to be amended as follows: I have not referred to such matters in part 12—I assume everybody has copies of these before them?

The CHAIRMAN—I think everybody is supplied.

Mr. BELL—Part 12 to be amended as follows: (See file).

The CHAIRMAN—Do you agree that this committee, if appointed by the Wheat Director, must necessarily be signers of this contract?

Mr. BELL—Necessarily.

The CHAIRMAN—Suppose we could not agree in detail with your recommendations, there might be a chance some of the gentlemen named by name in your proposed contract, would not be signers of the contract?

Mr. BELL—Then your signers would have the privilege of electing the other members, I assume, with your approval.

The CHAIRMAN—Well, would it not be satisfactory if I put on the record now that in the selection of that committee, I will follow the recommendation and action of the Federation of the Millers, to the extent of those men selected by them who are signers of the contract?

Mr. BELL—Part 12 to be further amended by the adoption of Exhibit "A" as attached hereto. That I think was our original understanding. You only put out a part of Exhibit "A" that you felt was necessary in the interpretation of your contract.

Exhibit "A" are the auditing rules. That I think was understood at the time. These auditing rules are very difficult, there are so many involvements of title to those and so on down the line, and the different manufacturing and other items which must necessarily be settled.

The CHAIRMAN—Well, I believe we put out two items of Exhibit "A" which are necessary in the interpretation of the contract.

Mr. BELL—That is what I understood. That was not the complete Exhibit "A" you put out, merely such portion as was necessary to insure a proper interpretation of the contract. I merely mention that fact.

Part 13 to be amended as follows: (See file).

We do not feel that this contract of the Grain Corporation—the license recites these things—at least you said it would recite these different things that are incorporated in the contract, and we think it is unnecessary and undesirable that it should be written into a contract. We would suggest as a substitute for 13——

The CHAIRMAN—Well, Mr. Bell, we will consider that too carefully, if that is filed with your recommendation.

Mr. BELL—Yes. As to part 15, we substitute the following: (See file).

There has been some little development on that subject, since we wrote that clause, and I think it is necessary, provided suitable arrangements are made in Exhibit "A" to take care of the reflection.

Part 14, strike out the entire paragraph and insert in lieu thereof the following: (See file).

We feel that the contract as drawn is uni-lateral. It gives the grain—it is a thirty day contract, so far as the Wheat Director is concerned. It is an eleven months contract in so far as the miller is concerned. We quite appreciate that the Wheat Director as a public officer will not want to be bound irrevocably to any policy that might adversely affect the public interest. The terms of this contract are unusual. Were it for any other consideration, we would not believe it was a contract, where the terms are other than cancellation by mutual consent, but we do appreciate your position and we want to meet it. At the same time, we do not think that an industry should be irrevocably bound for a period of eleven months against its error in judgment, or against a condition which might arise during that period, and adversely affect that industry, the mere changing of the basis and interjection of new rules and regulations not vitiating or violating this contract, but imposing new conditions under which the miller might be placed—or mills in one section might be forced to close down;

that he is tied by a contract which legalizes such a proceeding. We are trying to meet your wishes, so we can wipe this thing out on proper notice and start afresh, and clean the slate, provided that it could be cancelled at any time by mutual consent. In so far as the trade is concerned, I assure you that whenever an emergency arose, and the public interest was affected, that the trade would stand pledged to co-operate with you in securing its cancellation. They have evidenced themselves during these war years that they can be trusted to act again, whenever the public interest demands it. That is quite basic with us, and we do not believe that in view of the one side—we do not believe it is legal, and we don't think you want to ask us to sign a contract which is not legal.

The final amendment—the final signature to be further supplemented by the word "approved" and signed by the Wheat Director in his official capacity, as we understand the executive order, creating the office of Wheat Director, recites that he shall authorize the Grain Corporation to make contracts with the approval of the Wheat Director for the purchase of wheat. The Grain Corporation is an agency of the government Wheat Director and will certainly not move without his knowledge and his sanction, and, therefore, it is only proper he should approve such contract, and further, such approval is within the text of the executive order creating the office.

Exhibit A I have not in shape to present to you. There are some very difficult phases in it. We have been in touch with some of your officials who have knowledge of these matters, trying to work out a solution of them. We have worked for days, and a good many nights, and neither one of us seem to get to a satisfactory conclusion. It is not that we are in disagreement at all. We are in perfect accord with what we accomplish. Neither of us seem to be able to reach it.

The CHAIRMAN—Mr. Bell, let me develop a little further. Is it necessary to hold up the entire contract, assuming the terms can be worked out, for the elaboration of Exhibit A, in view of the description of additional rules.

Mr. BELL—I am afraid it is, but am hopeful that this Exhibit A rules can, with the assistance of Mr. Brandeis, who has been very helpful and very kind all through this—I think that we can have them by tomorrow, certainly completely by the succeeding day, and I feel it is very essential that this should accompany the contract. Shall I file this with Mr. Moore?

The CHAIRMAN—If you please. Now, gentlemen, it is twenty-five minutes of six. This is the last item on the program. I am anxious to hear any comment, favorable or otherwise, as to those recommendations. If we can get through in half an hour, it will be quite desirable. I understand the millers have all authorized Mr. Bell to speak in this manner, as their unanimous recommendation, so that I hardly think any comment from them, supporting those recommendations is necessary.

What have the other trades got to say in combination or opposition?

Mr. HORAN—Mr. Barnes, as far as we are concerned, I would say that we believe they are trying to solve the problem in the most satisfactory manner, both to you and to the general trade. There is only one thing that we object to, and we refer to that thing as far as our own contract is concerned, that we did not want the contract—what is called the Federation contract, to be made part and parcel of ours, because there are certain things in it we object to.

The CHAIRMAN—I do not understand the recommendation carries any particular form.

Mr. BELL—No, sir; it does not.

Mr. HORAN—Outside of that, from our knowledge of it, we think it is based upon everything that is right and fair. The proposition about not giving flour to you, is certainly in our interest, because if you had five million barrels of flour handed to you on the 31st of May, you would have to find an outlet for us, and if you did not export it, you would have to compete with the flour jobber, wherever he was.

The CHAIRMAN—Now, Mr. Horan, I want you to give me your views a little broader than your own trade, because the act makes it incumbent upon us to assure an adequate flow of flour. I want your advice, whether this contract would induce a stop in that flour for any reason.

Mr. HORAN—No, I do not—I believe it leaves it in a safer position to the flour jobber, bringing stock here to distribute. As I take it, the man that is really responsible for the flow of flour from the mill to the consuming points, is the baker and the flour distributor. I am excluding the question of the large mills that have their own distributing plants, and they are just like any other flour distributor. 95 per cent, it is safe to say of all the flour that is made at the mill, is sold before that flour is ground.

Therefore, the miller himself has nothing to do with the flow of it.

It is the man that buys it in order to ship, is the man that makes the proper flow. Now, with the possibility of their handling your five or ten million barrels of flour on the 31st day of May, you can realize that we would be more afraid to carry what would be a reasonable stock. I don't see anything in this proposition to make any flour man want to speculate, because he don't make any money by handing you flour on the 31st of May, but he does want to carry sufficient flour to protect his trade requirements, so that his people can have their supplies. Now, if he had nothing but the fear of the millers planting five million barrels on you, he would run down the stock and then if they did not do it, there might be a condition arise that there would not be sufficient flour here; whereas, if he feels they are going to be out of the road, then he is reasonable certain to take care of the requirements of his own customers, so I think that proposition of the mills is really a better guarantee of a reasonable and proper flow of flour here. You do not want to be handed a big pile of flour on the 31st day of May, and we of course would rather you would not be, because we would like to sell every barrel of flour we have stored to the trade, and go on to the new crop without giving you a barrel, and that is what we hope to do.

The CHAIRMAN—You think the fact of that termination clause on the part of the millers is such that the jobber will be more likely to buy for advanced shipment May 31st, than without it?

Mr. HORAN—He would be reasonably certain, taking it on the war basis, an ordinary business man, knowing that he would not have to contend with that, he would be reasonably certain to carry sufficient stock to meet his trade requirements for at least sixty days. That proposition, when it came to me from Mr. Bell, seemed a very fair one.

In fact, the question came up in our minds whether we should not make some sort of a deal that we would not even give you any flour, but we cannot grasp that yet. You see, the miller has this much: He can grind his flour up tonight and ship it out, and the next morning start ahead making flour, but we have to bring it five or six hundred or a thousand or 1,500 miles, and we must carry stock. We must have it moving. That is essential, and I think that this is a wonderful proposition, coming from him, because to my mind it is—why, you can see if they take their 25 cents a bushel, grind up ten million barrels of

flour and give it to you at a certain time, they make up that much money, because that 25 cents per bushel is a profitable proposition, not an unreasonable one, but it would be a fair proposition. Now, they deprive themselves of that opportunity. As I say, we have been debating all day whether we would not go into a contract, not to give you a barrel of flour, but we cannot. We are not clear—but this gives us a splendid opportunity to see that everybody gets all the flour they need.

Mr. HUTCHINSON—I want to ask if any concessions or changes in the contract of the millers that they are asking for, would apply to the grain dealers, where the interests are identical?

The CHAIRMAN—I would put it the other way, because the other dealers have not made certain suggestions, we would not take advantage of that in driving a harder bargain with one class of the dealers than another. Let me follow that a little further, Mr. Hutchinson. For instance, the longer cancellation notice period would not be objectionable to any of the other trades any way?

Mr. SPAULDING—In the millers' proposition on indemnification, it reads wheat and wheat products. The way I would look at it it would indemnify them on the clears they had sold. Am I correct in that proposition?

Mr. HOFFMAN—You would be entitled to an indemnification on clears, probably not be entitled to sell clears, because the clears represent destroyed wheat.

Mr. SPAULDING—If that is the case, why not indemnify the flour jobber? His has been hauled, whereas the miller's wheat has not been.

The CHAIRMAN—The point you pressed was the Grain Corporation would agree to take over at the termination period.

Mr. SPAULDING—Either take over or indemnify.

Mr. HORAN—There has never been any question as to the indemnification on anything in the shape of flour, made entirely from wheat. If you reduce the price fifty cents per bushel, it amounts to $2.25 a barrel in each barrel of wheat and flour.

The CHAIRMAN—Any further comment on these suggested changes in the contract? Any other points for discussion that anybody wishes to present before we adjourn?

Mr. WARNER—Mr. Chairman, may I ask this question, whether the Grain Corporation intends to purchase at other points?

The CHAIRMAN—We have no present intention.

Mr. WARNER—It is hoped that you will not. Will the Grain Corporation buy all of the grain, just as they did last year? The reason I ask that question is because I have seen in print that there are some grades that the Grain Corporation did not propose to take this year.

The CHAIRMAN—I think I made the statement in the proceedings here that we would protect all grades, at our own judgment of the relative value.

Mr. WARNER—Even the sample grades?

The CHAIRMAN—Yes.

Mr. WARNER—Are those prices—rather those discounts—are they to be the same as they were last year?

The CHAIRMAN—I say our judgment of the discounts will be affected by the proportion of those low grades on the crop.

Mr. WARNER—I do not refer to the low grades. There are certain discounts on grades 2 and 3.

The CHAIRMAN—We have heard of no suggested changes in those. Do you want to suggest any changes in them?

Mr. WARNER—I have no suggestions. I have been asked that question and simply said I did not know of any changes.

Mr. SHORTHILL—Mr. Chairman, I just want to say that it appears to me that this conference is overlooking one very important thing. I will be very brief.

The producers, in a small number, are, some of them, going to be somewhat critical in their attitude towards the sentiment that has been expressed in this conference, because a fixed buying margin has not been established. It seems to me that this conference ought to take care to put into the hands of the producers of this country, the correct information on that point.

The producer should be led to understand that if a fixed buying margin were established, that it must be established to

protect the dealer with a small volume and the tendency would be for the dealer of the large volume to approach as nearly as he could to that maximum, which would result in the producer getting less for his crop than he would under a margin that was not fixed. There will probably be some criticism from the consumers as to the attitude that has been expressed in regard to the advance in price, to cover a carrying charge, and because there has not been fixed a maximum margin for handling, it seems to me that the consumers ought to be thoroughly informed by this conference, in some way, that there is a carrying charge in this grain, which cannot be avoided, and that if the elevator companies are not allowed that charge, if those people, whoever they may be, are not allowed that charge for holding this grain, that the grain corporation will get it. The charge will have to be met. The government will have to pay the bill, and all the consumers will have to join in and pay their share.

I think also that this conference ought to make an effort to call attention to the consumers of this country, that their financial benefit—the activities of the Food Administration and the Grain Corporation has resulted to-day to the benefit of the consumers of this country. What I mean is that had there been no activity of this sort, the farmer would have received more for his wheat, the grain dealer would have made more money, and the miller would have made more money, and the consumer would have paid more for everything that he bought that was made out of wheat. I think we all agree on that. (Applause).

I suggest that the logical way to handle this would be to clothe this advisory committee with proper authority and give them proper instructions to proceed along proper lines and to give proper publication to the policy of the grain industry on this point. The consumer ought to be made to realize that even under present prices and under present policies of handling or I should say prospective, that the bread they buy, based on its food values, is the cheapest thing that they can buy, and it seems to me that the consumers of this country ought to be led fairly definitely to face this fact, that up to the present time the only thing they have done is to do that thing, that they contributed not only to increasing the cost of their own high cost of living. I hope that this advisory committee will be clothed with power to give proper publicity to the producers and the consumers on these points, and that they will be instructed to follow that policy by the Presidents of the different organizations that appoint them. (Applause).

The CHAIRMAN—Gentlemen, much that Mr. Shorthill said is perfectly true, as you know and approved by your judgment.

It only remains for me to thank you again and ask you to carry home some measure of conditions and comprehension and appreciation of the complexity of these problems, and to maintain a helping and co-operative attitude at all times. Thank you. (Applause).

Conference adjuorned.

Please Execute and Return BOTH Copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided

(ORIGINAL)

UNITED STATES GRAIN CORPORATION

42 BROADWAY, NEW YORK CITY

AGREEMENT

WITH PACIFIC COAST DEALERS, ELEVATORS, WAREHOUSES AND JOBBERS

THIS AGREEMENT made this.....day of..... ....., 19....., between the undersigned, hereinafter called the "Dealer," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part.

WITNESSETH, That for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto as follows:

First: The words "guaranteed price" when used in this agreement, mean the wheat primary market price fixed in the Presidential proclamation of September 2d, 1918 ($2.26 Chicago), or as such primary market price may hereafter be increased by Executive Order by the addition of storage premiums fixed by the Grain Corporation and publicly announced by it.

Second: The Dealer in buying wheat from the producer shall purchase on the proper grade and dockage, under the Federal standards, and shall pay therefor not less than the guaranteed price based on such proper grade and dockage, at the terminal most advantageously reached, less freight, and less a reasonable handling margin. The Dealer shall keep a record showing all purchases from the producer, name of the seller, date, quantity, grade and dockage fixed and price paid and reasons for fixing grade under No. 1, including test weight; and on all parcels of wheat on which there is a dispute as to grade and dockage or price between the Dealer and the producer at the time of delivery, a notation thereof shall be made upon the records of the Dealer and a sample shall be drawn by the producer and the Dealer and forwarded in a proper container to the Vice-President of the Grain Corporation, in the Zone in which the purchase is made, for his use in the determination of the dispute. The determination of the Vice-President shall be final and conclusive unless an appeal from such determination be filed within ten

days with the United States Wheat Director by either the producer or Dealer. In case of appeal the decision of the United States Wheat Director shall be final and conclusive. The Dealer shall keep a copy of this section prominently displayed at his place of business.

Third: At any time and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase, at the guaranteed price, in accordance with its purchasing rules and custom, upon the request of the Dealer, to be delivered at the terminal or terminals designated by the Dealer, all or any part of the unsold wheat owned by the Dealer, whether in store or in transit (except wheat purchased, or under contract of purchase, from the producer and not yet delivered or shipped by such producer).

Fourth: In case the Dealer shall be unable, after using every effort and all diligence to ship in any week such total quantity of all grain as makes the equivalent of at least 20 per cent. of the amount of wheat (wheat only) in his elevator and owned by him at the beginning of such week, the Grain Corporation shall pay to the Dealer to cover insurance and interest for such week, 7/20ths of a cent per bushel on the amount of wheat in the elevator and owned by him at the beginning of such week; provided, however, that in the event that the Grain Corporation announces that it has established and includes in the guaranteed price an advancing premium framed to reflect a fair carrying charge, this Section shall not be effective during the period of such advancing premium.

Fifth: In case the Dealer shall not ship in any week at least 20 per cent. of the amount of wheat owned by him in his elevator or warehouse and in other storage at the beginning of such week, the Grain Corporation shall pay to the Dealer, to cover insurance and interest for such week, seven twentieths of one cent per bushel on the amount of wheat owned by him in his elevator or warehouse or other storage at the beginning of such week; provided, however, that in the event that the Grain Corporation announces that it has established and includes in the guaranteed price an advancing premium, framed to reflect a fair carrying charge, this section shall not be effective during the period of such advancing premium.

Sixth: The Dealer shall not store in any elevator or warehouse at any seaport of the United States, wheat or wheat products, for a longer period than thirty days without the express permission, in writing, from the Grain Corporation.

Seventh: The Dealer shall make and render reports in the manner and at such times as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Eighth: The Dealer shall not be entitled to any of the benefits or privileges of this agreement unless he shall hold such license as may at any time be required by Proclamation of the President of the United States, under and pursuant to an Act of Congress relating to the National Wheat Guarantee, approved March 4th, 1919. Should any such license be suspended or revoked, the Dealer shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement; except and provided only that for a period of fifteen days after such suspension or revocation the Grain Corporation shall purchase, upon the request of the Dealer, the unsold wheat owned by the Dealer at the date of such suspension or revocation, at the guaranteed price, in accordance with Section Third hereof.

Ninth: This agreement may be terminated by the Grain Corporation by giving forty-five days' previous notice thereof to the Dealer. Unless so terminated this agreement shall terminate on May 31, 1920.

Tenth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as of the day and year first above written.

Witness for Dealer sign here. Dealer sign here.

..... , ... (Seal)

Witness. Sign in name of Individual, Firm, or Corporation, as the case may be.

By .....

UNITED STATES GRAIN CORPORATION

By .....

Secretary.

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED

Character of business (County Elevator, Terminal Elevator, Warehouse, Dealer, Broker).....

Location .....

(Street) (City or Town) (County) (State)

.....

Wheat storage capacity if an elevator warehouse (bushels).....

.....

Character of construction if an elevator or warehouse (wood, steel, concrete) .....

Please Execute and Return BOTH copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided.

(Original)

UNITED STATES GRAIN CORPORATION
42 Broadway, New York City

AGREEMENT

WITH BAKERS

THIS AGREEMENT, made this.....day of..... ....., 19...., between the undersigned, hereinafter called the "Baker," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part.

WITNESSETH, that for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto as follows:

First: The words "guaranteed price," when used in this agreement mean the wheat primary market price fixed in the Presidential proclamation of September 2nd, 1918 ($2.26 Chicago), or as such primary market price may hereafter be increased by Executive Order or increased by the addition of storage premiums fixed by the Grain Corporation and publicly announced by it.

Second: The words "re-sale price" when used in this agreement mean a wheat price lower than the guaranteed price publicly announced by the Grain Corporation to be the wheat price for milling and upon which the adjustments hereinafter provided are to be based.

Third: In the event that the Grain Corporation announces a resale price of wheat it shall pay to the Baker in respect to any wheat flour then owned by the Baker or under contract of purchase by him, the equivalent of the difference between the guaranteed price and the resale price at the ratio of four and one-half bushels of wheat to one barrel of flour. In the event that thereafter the Grain Corporation should announce a return to the guaranteed price or a resale price higher than the then current resale price, the Baker, in respect to any wheat flour then owned by the Baker or under contract of purchase by him, shall pay to the Grain Corporation the equivalent of the difference between

the then current resale price and the guaranteed price or the new resale price, at the ratio of four and one-half bushels of wheat to one barrel of flour. Similarly, if the Grain Corporation should announce a resale price either higher or lower than the then current resale price, like settlements shall be made.

Each of the parties to this agreement, as the case may be, shall make the foregoing payments weekly on statement and reports prescribed by the Grain Corporation as actual deliveries of bread and bakery products are made to the buyer until the amount of flour owned or under contract of purchase on which adjustment is to be made has been manufactured into bread and bakery products and delivered.

Fourth: During the continuance of any resale price the Baker shall reflect into the price of bread and bakery products sold by him the reasonable equivalent of such resale price. If, in the judgment of the Grain Corporation, the Baker is not reflecting into the price of bread and bakery products sold by him the reasonable equivalent of such resale price and the Baker refuses to adopt the expression of the Grain Corporation as to what is a reasonable reflection the Grain Corporation shall submit the question to the United States Wheat Director for his decision. The opinion of the United States Wheat Director as to what constitutes such reflection shall be binding upon the parties to this agreement.

Fifth: Upon the date of the termination of this agreement, as hereinafter provided, the Grain Corporation will announce a price, which price in its judgment is a fair reflection of the guaranteed price or of the resale price, if any, then in effect, at which it will buy at certain standard basing points and markets the flour then owned by the Baker, or under contract of purchase by him. Such flour price as announced by the Grain Corporation will contemplate satisfactory flour, of not lower than ninety-five per cent. so-called straight flour, and without premium for any higher grades. Thereupon the Baker, within ten days after such termination date, may file with the Zone Office of the Grain Corporation in the Zone in which the Baker's home office is located, an acceptance of such offer of the Grain Corporation, specifying the amount and details of the flour, and within fifteen days thereafter the Grain Corporation shall give shipping orders and payment shall be made by demand draft, with documents attached, or as otherwise mutually arranged.

Provided, however, that at the time of accepting the Grain Corporation offer, the Baker may declare that he elects to defer delivery of the flour for a period of forty-five days from the termination date in order that he may continue to manufacture such flour into bread and bakery products. In that event, the Baker shall sell such bread and bakery products at a fair reflection of the ninety-five per cent. straight flour price. All flour so used in manufacture by the Baker shall cancel an equivalent amount of flour sold to the Grain Corporation by the acceptance aforesaid. At the expiration of such forty-five days from the original termination date, the Baker may, by telegram filed the next succeeding day and addressed to the Zone Office of the Grain Corporation in which the Baker's home office is located, advise the Grain Corporation of the amount of flour yet remaining from the originally designated quantities, and may then deliver to the Grain Corporation such unsold flour, on the terms and conditions specified for the original delivery. Provided, that the Baker may, by telegram and in the same manner, at the end of said forty-five day period, take over such remaining flour for his own account.

Sixth: All purchases of flour by the Baker shall be evidenced by contracts executed by buyer and seller, showing prices, terms, quantities and conditions.

Seventh: The Baker shall make and render reports in the manner and at such times as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Eighth: The Baker shall not be entitled to any of the benefits or privileges of this agreement unless he shall hold such license as may at any time be required by proclamation of the President of the United States under and pursuant to an Act of Congress relating to the national wheat guarantee, approved March 4th, 1919. Should any such license be suspended or revoked, the Baker shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement.

Ninth: This agreement may be terminated by the Grain Corporation by giving forty-five days' previous notice thereof to the Baker. Unless so terminated this agreement shall terminate on May 31, 1920.

Tenth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as of the day and year first above written:

Witness for Baker sign here. Baker sign here.

....(Seal)

Witness. Sign in name of Individual, Firm, or Corporation, as the case may be.

By.....

UNITED STATES GRAIN CORPORATION

By....., *Secretary.*

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED

Location of Plan.....

(Street) (City) (County) (State)

Baker's estimated monthly flour consumption.....

(Barrels per month)

Please Execute and Return BOTH copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided.

(Original)

UNITED STATES GRAIN CORPORATION
42 Broadway, New York City.

AGREEMENT

WITH DEALERS, ELEVATORS, AND BROKERS

THIS AGREEMENT made this.....day of....., 19...., between the undersigned hereinafter called the "Dealer," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part.

WITNESSETH, That for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto as follows:

First: The words "guaranteed price" when used in this agreement, mean the wheat primary market price fixed in the Presidential proclamation of September 2d, 1918 ($2.26 Chicago), or as such primary market price may hereafter be increased by Executive Order or increased by the addition of storage premiums fixed by the Grain Corporation and publicly announced by it.

Second: The Dealer in buying wheat from the producer shall purchase on the proper grade and dockage, under the Federal standards, and shall pay therefor not less than the guaranteed price based on such proper grade and dockage, at the terminal most advantageously reached, less freight, and less a reasonable handling margin. The Dealer shall keep a record showing all purchases from the producer, name of the seller, date, quantity, grade and dockage fixed and price paid and reasons for fixing grade under No. 1, including test weight; and on all parcels of wheat on which there is a dispute as to grade and dockage or price between the Dealer and the producer at the time of delivery, a notation thereof shall be made upon the records of the Dealer and a sample shall be drawn by the producer and the Dealer and forwarded in a proper container to the Vice-President of the Grain Corporation, in the Zone in which the purchase is made, for his use in the determination of the dispute. The termination of the Vice-President shall be final and conclusive unless an appeal from such determination be filed within ten days with the United States Wheat Director by either

the producer or Dealer. In case of appeal the decision of the United States Wheat Director shall be final and conclusive. The Dealer shall keep a copy of this section prominently displayed at his place of business.

Third: At any time and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase, at the guaranteed price, in accordance with its purchasing rules and customs, upon the request of the Dealer, to be delivered at the terminal or terminals designated by the Dealer, all or any part of the unsold wheat owned by the Dealer, whether in store or in transit (except wheat purchased, or under contract of purchase, from the producer and not yet delivered or shipped by such producer).

Fourth: In case the Dealer shall be unable, after using every effort and all diligence to ship in any week such total quantity of all grain as makes the equivalent of at least 20 per cent. of the amount of wheat (wheat only) in his elevator and owned by him at the beginning of such week, the Grain Corporation shall pay to the Dealer to cover insurance and interest for such week, 7/20ths of a cent per bushel on the amount of wheat in the elevator and owned by him at the beginning of such week; provided, however, that in the event that the Grain Corporation announces that it has established and includes in the guaranteed price an advancing premium framed to reflect a fair carrying charge, this Section shall not be effective during the period of such advancing premium.

Fifth: Upon the date of the termination of this agreement, as hereinafter provided, the Grain Corporation shall, at the request of the Dealer, purchase for delivery to it, at the terminal selected by the Dealer, at the guaranteed price, or, at the option of the Grain Corporation, F.O.B. the Dealer's elevator, at the guaranteed price, less freight to said terminal, all or any part of the unsold wheat of the Dealer on hand and in transit (except wheat purchased, or under contract of purchase, from the producer and not yet delivered or shipped by such producer). The details as to quantity, probable grade and position shall be furnished to the Grain Corporation by the Dealer not later than ten days after the date of termination.

Sixth: The Dealer shall not store in any elevator or warehouse at any seaport of the United States, wheat or wheat products, for a longer period than thirty days without the express permission, in writing, from the Grain Corporation.

Seventh: The Dealer shall make and render reports in the manner and at such times as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Eighth: The Dealer shall not be entitled to any of the benefits or privileges of this agreement unless he shall hold such license as may at any time be required by Proclamation of the President of the United States, under and pursuant to an Act of Congress relating to the National Wheat Guarantee, approved March 4th, 1919. Should any such license be suspended or revoked, the Dealer shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement; except and provided only that for a period of fifteen days after such suspension or revocation the Grain Corporation shall purchase, upon the request of the Dealer, the unsold wheat owned by the Dealer at the date of such suspension or revocation, at the guaranteed price, in accordance with Section Third hereof.

Ninth: This agreement may be terminated by the Grain Corporation by giving forty-five days' previous notice thereof to the Dealer. Unless so terminated this agreement shall terminate on May 31, 1920.

Tenth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as the day and year first above written.

Witness for Dealer sign here. Dealer sign here.

..... , ... (Seal)

Witness. Sign in name of Individual, Firm, or Corporation, as the case may be.

.....

By .....

UNITED STATES GRAIN CORPORATION

By .....

Secretary.

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED.

Character of business (County Elevator, Terminal Elevator, Dealer, Broker) .....

Location .....

(Street) (City or Town) (County) (State)

Wheat storage capacity if an elevator (bushels) .....

Character of construction if an elevator (wood, steel, concrete) .....

Please Execute and Return BOTH copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided.

(ORIGINAL)

UNITED STATES GRAIN CORPORATION
42 Broadway, New York City

AGREEMENT

WITH FLOUR JOBBERS

THIS AGREEMENT, made this.....day of..... ....., 19...., between the undersigned, hereinafter called the "Flour Jobber," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part,

WITNESSETH, That for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto as follows:

First: The words "guaranteed price" when used in this agreement, mean the wheat primary market price fixed in the Presidential proclamation of September 2d, 1918 ($2.26 Chicago), or as such primary market price may hereafter be increased by Executive Order or increased by the addition of storage premiums fixed by the Grain Corporation and publicly announced by it.

Second: The words "resale price" when used in this agreement, mean a wheat price lower than the guaranteed price publicly announced by the Grain Corporation to be the wheat price for milling and upon which the adjustments hereinafter provided are to be based.

Third: In the event that the Grain Corporation announces a resale price of wheat, it shall pay to the Flour Jobber in respect to any wheat flour then owned by the Flour Jobber or under contract of purchase by him, the equivalent of the difference between the guaranteed price and the resale price at the ratio of four and one-half bushels of wheat to one barrel of flour. In the event that thereafter the Grain Corporation should announce a return to the guaranteed price or a resale price higher than the then current resale price, the Flour Jobber, in respect to any wheat flour then owned by the Flour Jobber or under contract

of purchase by him, shall pay to the Grain Corporation the equivalent of the difference between the then current resale price and the guaranteed price or the new resale price, at the ratio of four and one-half bushels of wheat to one barrel of flour. Similarly, if the Grain Corporation should announce a resale price either higher or lower than the then current resale price, like settlements shall be made. Each of the parties to this agreement, as the case may be, shall make the foregoing payments weekly on statements and reports prescribed by the Grain Corporation as actual deliveries of flour are made to the buyer until the amount of flour owned or under contract of purchase on which adjustment is to be made has been delivered.

Fourth: During the continuance of any resale price the Flour Jobber shall reflect into the price of flour sold by him the reasonable equivalent of such resale price. If, in the judgment of the Grain Corporation the Flour Jobber is not reflecting into the price of flour sold by him the reasonable equivalent of such resale price and the Flour Jobber refuses to adopt the expression of the Grain Corporation as to what is a reasonable reflection the Grain Corporation shall submit the question to the United States Wheat Director for his decision. The opinion of the United States Wheat Director as to what constitutes such reflection into the price of flour sold by the Flour Jobber shall be binding upon the parties to this agreement.

Fifth: Upon the date of the termination of this agreement, as hereinafter provided, the Grain Corporation will announce a price, which price in its judgment is a fair reflection of the Guaranteed price or of the resale price, if any, then in effect, at which it will buy at certain standard basing points and markets such unsold stocks of flour then owned by the Flour Jobber, or under contract of purchase by him. Such flour price as announced by the Grain Corporation will contemplate satisfactory flour, of not lower than ninety-five per cent. so-called straight flour, and without premium for any higher grades. Thereupon the Flour Jobber, within ten days after such termination date, may file with the Zone office of the Grain Corporation in the Zone in which the Flour Jobber's home office is located, an acceptance of such offer of the Grain Corporation, specifying the amount and details of the flour, and within fifteen days thereafter the Grain Corporation shall give shipping orders and payment shall be made by demand draft, with documents attached, or as otherwise mutually arranged. Provided, however, that at the time of ac-

cepting the Grain Corporation offer, the Flour Jobber may declare that he elects to defer delivery of the flour for a period of forty-five days from the termination date in order that he may continue to sell such unsold flour through his usual trade channels. In that event, the Flour Jobber shall sell such flour at a fair reflection of the ninety-five per cent. straight flour price, taking into consideration any differing grades of flour and differing terms. All sales of flour by the Flour Jobber thereafter shall cancel an equivalent amount of flour sold to the Grain Corporation by the acceptance aforesaid. During this forty-five day period the Grain Corporation may direct the Flour Jobber to advance or reduce the price of the flour from the basis announced by the Grain Corporation as its purchase basis, and, in that event, the Grain Corporation shall pay or receive such difference to or from the Flour Jobber, as the sales and deliveries are properly evidenced. At the expiration of such forty-five days from the original termination date, the Flour Jobber may, by telegram filed the next succeeding day and addressed to the Zone Office of the Grain Corporation in which the Flour Jobber's home office is located, advise the Grain Corporation of the amount of unsold flour yet remaining from the originally designated quantities, and may then deliver to the Grain Corporation such unsold flour, on the terms and conditions specified for the original delivery. Provided, that the Flour Jobber may, by telegram and in the same manner, at the end of said forty-five day period, take over such unsold flour for his own account; and provided further that, if in the meantime, the Grain Corporation has directed the Flour Jobber to resell such flour at a different basis than the flour price publicly announced on the termination date of the original contract, settlement on such flour taken over by the Flour Jobber on the termination of the forty-five day period shall be made with the Grain Corporation on the new price basis so directed by the Grain Corporation.

Sixth: All purchases of flour by the Flour Jobber shall be evidenced by contracts executed by buyer and seller, showing prices, terms, quantities and conditions, and no contract shall be made that specifies delivery of flour later than sixty days from the date of such contract.

Seventh: The Flour Jobber shall make and render reports in the manner and at such times as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Eighth: The Flour Jobber shall not be entitled to any of the benefits or privileges of this agreement unless he shall hold such license as may at any time be required by proclamation of the President of the United States under and pursuant to an Act of Congress relating to the national wheat guarantee, approved March 4, 1919. Should any such license be suspended or revoked, the Flour Jobber shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement.

Ninth: This agreement may be terminated by the Grain Corporation by giving forty-five days previous notice thereof to the Flour Jobber. Unless so terminated this agreement shall terminate on May 31, 1920.

Tenth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as of the day and year first above written.

Witness for Jobber sign here. Jobber sign here.

....., ... (Seal)

Witness. Sign in name of Individual, Firm, or Corporation, as the case may be.

By.....

UNITED STATES GRAIN CORPORATION

By.....

Secretary.

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED.

Location.....

(Street) (City) (County) (State)

Estimated amount of flour handled per month.....

(Barrels per month.)

Please Execute and Return BOTH copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided.

(Duplicate)

UNITED STATES GRAIN CORPORATION
42 Broadway, New York City

AGREEMENT

WITH WHEAT FLOUR MILLERS

THIS AGREEMENT made this.....day of....., 19...., between the undersigned, hereinafter called the "Miller," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part.

WITNESSETH, that for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto as follows:

First: The following words and phrases when used in this agreement shall have the following meaning:

(1) "Guaranteed price" means the wheat primary market price fixed in the Presidential Proclamation of September 2d, 1918 ($2.26 Chicago), or as such primary market price may hereafter be increased by Executive order, or increased by the addition of storage premiums fixed by the Grain Corporation, and publicly announced by it.

(2) "Resale price" means a wheat price, lower than the guaranteed price, publicly announced by the Grain Corporation to be the wheat price for milling and upon which adjustments with the Miller are to be based. Such resale price shall in all markets specified in the aforesaid Presidential Proclamation bear the same relation to the guaranteed price in such markets as the resale price of the Grain Corporation at Chicago at the same time bears to the guaranteed price at Chicago, except at Intermountain, Pacific Coast and other points where available freight structure or changes in freight rates requires special allowances.

(3) "Unsold wheat the Miller has on hand" means all wheat owned by the Miller at mills, in store, and in

transit, and wheat under contract of purchase (except wheat purchased, or under contract of purchase, from the producer and not yet delivered or shipped by such producer) and from which total there has been deducted the equivalent of excess outstanding flour sales as provided for in paragraph (4) below.

(4) "Unsold flour the Miller has on hand" means all flour owned by the Miller at mills, in store and in transit, and from which total there has been deducted all outstanding flour sales, provided, however, that if such outstanding flour sales exceed all flour on hand, the surplus of such flour sales shall reduce "unsold wheat the Miller has on hand" as in paragraph (3) above.

Second: To reduce wheat products to their equivalent in bushels of wheat, or to reduce wheat to its equivalent in barrels of flour, the empirical formula of 4½ bushels of 58 pound or heavier wheat as the equivalent of one barrel of flour of 196 pounds shall be used, except for the purposes of indemnification under Section Tenth hereof.

Third: The Miller, in buying wheat from the producer, shall purchase on the proper grade and dockage, under the Federal standards, and shall pay therefor not less than the guaranteed price based on such proper grade and dockage, at the terminal most advantageously reached, less freight, and less a reasonable handling margin. The Miller shall keep a record showing all purchases from the producer, name of the seller, date, quantity, grade and dockage fixed and price paid and reasons for fixing grade under No. 1, including test weight; and on all parcels of wheat on which there is a dispute as to grade and dockage or price between the Miller and the producer at the time of delivery, a notation thereof shall be made upon the records of the Miller and a sample shall be drawn by the producer and the Miller and forwarded in a proper container to the Vice-President of the Grain Corporation, in the Zone in which the purchase is made, for his use in the determination of the dispute. The determination of the Vice-President shall be final and conclusive unless an appeal from such determination be filed within ten days with the United States Wheat Director by either the producer or Miller. In case of appeal the decision of the United States Wheat Director shall be final and conclusive. The Miller shall keep a copy of this section prominently displayed at his place of business.

Fourth: The Miller shall render promptly to the Grain Corporation a true weekly statement, under oath if required, setting forth such facts as the Grain Corporation desires, including particularly the production of wheat products during the weekly period, the sales of wheat products during the weekly period and the amount of wheat and wheat products on hand at the close of the weekly period.

Fifth: In case a resale price is announced the Miller shall file with the Grain Corporation a sworn weekly report, or a new and exact report taken from the Miller's books and records at the time of the cut-off, or at the close of business on the day preceding the day that the resale price takes effect, showing the amount of unsold wheat and unsold wheat products on hand and the outstanding sales of all wheat products against same, and weekly thereafter, until the resale price has by public announcement been cancelled and the guaranteed price again made effective, the Miller shall file with the Grain Corporation a sworn statement showing the amount of weekly sales of all wheat products.

Sixth: The Miller shall during any resale price period limit the average net return of the sale of wheat products to a basis not exceeding the cost of wheat to the Miller, plus an operating charge not to exceed twenty-five cents per bushel calculated to f. o. b. mill bulk basis, with allowance for certain differentials for various classes of sales as provided in Exhibit "A" hereto annexed, which exhibit shall also contain a definition of cost of wheat to the Miller for manufacturing purposes. If the resale price periods should be separated by guaranteed price periods, the limitation on net return shall be based on the average of the consolidated resale price periods. If upon the termination of this agreement, the limitation thus prescribed on average net return is exceeded, the Miller shall pay such excess to the Grain Corporation. The audit to determine such excess, if any, shall be made upon the termination of this agreement, in accordance with the provisions of Exhibit " A."

Seventh: The Miller shall not make, or have outstanding at any time, any contract for the sale of wheat products except such contract as requires shipment or delivery within sixty days after the date of sale, which date shall be truly stated in the contract, provided however that this limitation shall not apply to contracts with the federal, state, or municipal governments, and provided further that no contract shall be made for shipment or

delivery beyond June 30, 1920, except in connection with the exercise by the Miller of privileges given by Section Eleventh hereof. All purchases and sales of wheat products shall be evidenced by contracts executed by buyer and seller showing prices, terms, quantities and conditions.

Eighth: At any time, and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase in accordance with its purchasing rules and customs, upon the request of the Miller, all unsold wheat the Miller has on hand, at the guaranteed price (plus 7/30 of one cent per bushel per week in case of discontinuance of advancing premiums as provided in Section Ninth), delivered at the terminal or terminals designated by the Miller.

Ninth: In the event that the Grain Corporation should discontinue further increase in its premiums, which by public announcement it had added to the guaranteed price, the Grain Corporation after and during such discontinuance of advancing premiums, shall pay to the Miller 7/30 of one cent per bushel per week on the unsold wheat the Miller has on hand and the unsold flour the Miller has on hand in wheat equivalent.

Tenth: In the event that the Grain Corporation announces a resale price of wheat, the Grain Corporation shall on and after that date and during the continuance of such resale price period, in respect to the unsold wheat and unsold wheat products the Miller has on hand at the resale date and the wheat purchased during the resale price period, pay to the Miller the difference between the guaranteed price and the resale price on all sales of wheat products made during such period, in accordance with the audit rules provided in Exhibit "A."

Eleventh: Upon the termination of this agreement (except this agreement be terminated as provided in clause (3) of Section Fifteenth hereof, in which event this Section Eleventh shall be inoperative) the Miller may exercise either of the following options in respect to the unsold wheat and unsold wheat flour on hand at the date of such termination; the option to be used shall be specified by telegram, filed on the day next succeeding the termination, and addressed to the Zone Office of the Grain Corporation in which Zone the head office of the Miller is located, and the exact amount and details of such wheat and wheat flour shall be given, under proper verification, within ten days after such termination date:

(A) The Miller may retain and take over all unsold wheat and unsold wheat products; provided that if at the termination of this agreement there shall be in effect a Grain Corporation resale price lower than the guaranteed price, the Grain Corporation will pay to the Miller, on proper verification, the difference between the guaranteed price and the resale price on the amount of unsold wheat and unsold wheat products the Miller has on hand.

(B) The Miller may sell to the Grain Corporation at the guaranteed price, all or any part of the unsold wheat the Miller has on hand, and the Miller will make delivery of such amount as designated as sold to the Grain Corporation under this option, at any terminal selected by the Miller at which the Grain Corporation maintains a buying basis; provided, however, that the Grain Corporation may take delivery, basis f. o. b. cars at Miller's point of origin, at the freight deduction from the Grain Corporation guaranteed price at the terminal selected by the Miller. In the event of either delivery specified, the Grain Corporation will allow the Miller one-thirtieth of one cent per bushel per day from date of tender until delivery is actually completed and/or payment made. Provided, however, at the time of exercising this Option "B," the Miller may declare that he elects to defer delivery of the wheat, or any part thereof, for a period of forty-five days in order that he may continue to sell his unsold flour and to mill such unsold wheat and sell same as flour, through his usual trade channels. In that event the Miller shall sell such flour at a proper reflection, as provided herein, of any adjustment due to any resale price then existing or afterwards directed by the Grain Corporation. All sales of flour thereafter in excess of the amount of unsold flour the Miller has on hand at date of termination, shall cancel an equivalent amount of wheat sold to the Grain Corporation under this Option "B." At the expiration of such forty-five days, the Miller may, by telegram filed the next succeeding day and addressed to the Zone Office of the Grain Corporation in which Zone the head office of the Miller is located, advise the Grain Corporation of the amount of unsold wheat yet remaining from the originally designated quantities, and, without allowance for carrying charges during such forty-five days, may then

deliver to the Grain Corporation the balance of the unsold wheat on the terms and conditions specified in this Option "B" for actual delivery to the Grain Corporation; and provided further that the Miller may, by telegram and in the same manner, at the end of the said forty-five days period, take over all unsold wheat and/or unsold wheat products for his own account on the general terms and conditions as specified in Option "A."

Twelfth: The verification of the statements and reports and the audit and examination of the accounts of the Miller as may be required by the Grain Corporation, shall be made at the expense of the Grain Corporation by certified public accountants selected by it acting under the auditing rules set forth in Exhibit "A"; such additional rules as may be found necessary shall be formulated by a special board of certified public accountants selected by the Grain Corporation for that purpose and such additional rules shall be consistent with and shall not modify or change the terms and conditions of this agreement and shall be promulgated and used only after such additional rules have been adopted by the Grain Corporation and a Committee of Millers of the United States of not more than twenty-one members to be selected for the purposes of this agreement by the United States Wheat Director, and such additional rules as shall be agreed to by the Grain Corporation and by such Committee acting by a majority of its number shall be binding on both parties to this agreement; and provided, also, that any disagreements between the parties hereto as to the interpretation or application of said audit rules in Exhibit "A" hereto attached or such additional audit rules as may be promulgated as in this Section provided, may be settled and adjusted between said Grain Corporation and said Committee of Millers, and said settlement and adjustment of any such audit rule so arrived at between said Grain Corporation and said Committee of Millers shall be binding upon the parties hereto.

Thirteenth: The Miller shall make and render reports in the manner and at such time as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Fourteenth: The Miller shall not be entitled to any of the benefits or privileges of this agreement unless he shall hold such license as may at any time be required by Proclamation of the

President of the United States, under and pursuant to an Act of Congress relating to the National Wheat Guarantee, approved March 4th, 1919. Should any such license be suspended or revoked, the Miller shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement; except and provided only that for a period of fifteen days after such suspension or revocation the Grain Corporation shall purchase, upon the request of the Miller, the unsold wheat the Miller has on hand at the date of such suspension or revocation, at the guaranteed price, in accordance with Section Eighth hereof, but without the carrying charge of seven-thirtieths (7/30) of one cent per bushel per week provided in said Section.

Fifteenth: This agreement may be terminated:

(1) At any time by mutual agreement between the Grain Corporation and a majority of the Committee of Millers provided for in Section Twelfth.

(2) By the Grain Corporation, by giving forty-five (45) days' previous written notice of such termination to the Miller.

(3) By the Miller, party of the first part hereto, by giving forty-five (45) days' previous notice of such termination to the Grain Corporation; provided, however, that this agreement cannot be so terminated unless prior to the receipt of such notice by the Grain Corporation two-thirds of the members of the Committee of Millers provided for in Section Twelfth hereof shall have lodged with the President of the Grain Corporation, at its office at 42 Broadway, New York City, a recommendation to the Grain Corporation that a termination of this agreement by notice from the Miller should be allowed. In the event that notice of termination is given by the Miller in accordance with this Clause (3), the Miller shall not receive the seven-thirtieths (7/30) of one cent per bushel per week for carrying charges, as provided elsewhere in this agreement, after such notice is given.

Unless this agreement is terminated by one of the three methods above set forth, this agreement shall terminate on May 31, 1920.

Sixteenth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as of the day and year first above written.

Witness for Miller sign here. Miller sign here.

....(Seal)

Witness. Sign in name of Individual, Firm, or Corporation, as the case may be.

By.....

UNITED STATES GRAIN CORPORATION

By.....

Secretary.

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED

Location of Mill.....
(Street) (City) (County) (State)

Wheat storage capacity (bushels).....

Rated flour milling capacity (barrels per 24 hours).....

EXHIBIT "A"

General Auditing Rules Referred to in Agreement Between the United States Grain Corporation and the Miller.

The following Definitions and General Rules shall be observed in the conduct of audits under the terms of this Agreement:

Definitions Governing Audit.

"Flour": For the purpose of this agreement, "Flour" shall be considered to include all products of wheat other than Bran, Shorts, Feed Middlings and Red-dog, or their combination (with the exception of Whole Wheat and Graham Flour, which products shall be determined by the mill's actual yield records).

"Barrel of Flour": A barrel of flour shall be computed as 196 pounds.

"Wheat Products": The entire products manufactured in wheat milling process.

"Time of Audit": The books of the Miller shall be open to the Grain Corporation at any time and shall be subject to final audit of the Grain Corporation not earlier than 20 days after termination of the agreement and shall be diligently continued until completion, and the Miller shall have his books and records ready for audit within twenty (20) days after the termination.

"Audit Period": The audit of conversion and distribution differential returns by the Grain Corporation shall apply to the business of the Miller only during the period or periods in which the Miller is operating on wheat on which he has received indemnification through price adjustment as provided in Section Sixth of the agreement.

Rules Governing Audit.

Audit Rule 1: *Resale Prices of Various Grades:*

(First Paragraph, Section Second of Agreement.)

In the event of the establishment of a "resale price," the same reduction in cents per bushel shall apply to grades other than Number 1, as applied to Number 1 wheat.

Audit Rule 2: *Flour Inventory Basis:*

Inventory of flour on hand shall be calculated to a basis of barrels of 196 pounds of flour.

Audit Rule 3: *Jobbing:*

The Miller operating warehouses and/or performing a jobbing service shall have the option of considering flour at warehouses or in transit to warehouses as separate and distinct from his mill stock, and shall in such event be subject to the rules and regulations governing jobbers of flour.

Audit Rule 4: *Manufacturing Cost of Wheat to the Miller:*

To arrive at "manufacturing cost of wheat to the miller," the unsold wheat on hand as reported at the beginning of any "resale price period" shall be arrived at, subject to the verification by the Grain Corporation, as follows:

(a) Actual weigh-up; or

(b) On mill records of that date.

To arrive at the actual cost of wheat on hand the Miller shall be required to take the amount paid for the last purchased equivalent quantity, making proper adjustments for differing grades, and to this amount shall be added for the purpose of determining "manufacturing cost of wheat to the Miller":

(a) Local freight, if any, to the mill;

(b) Expenses actually incurred in buying, handling and delivery to the mill, except those expenses properly included in (c);

(c) The reasonable handling margin on such wheat as is purchased direct from the producer in accordance with Section Third of the agreement; provided that the addition of such margin shall in no case produce a cost of wheat exceeding proper terminal price less freight.

(d) 7/20's of a cent per bushel per week as a carrying charge, to be set up weekly based on weekly statements to the Grain Corporation of wheat and wheat products, in wheat equivalent, on hand, as an addition to "manufacturing cost of wheat to the Miller."

The wheat purchased during the "resale price period" shall be computed at actual price paid, plus the permitted charges "a," "b," "c" and "d" as above provided for. The grand total of cost of all wheat above referred to, divided by the total number of bushels, will determine the price per bushel of "manufacturing cost of wheat to the Miller" for the "resale price period." In each subsequent "resale price period" having a dif-

ferent " resale price," the " manufacturing cost of wheat to the Miller " shall be likewise determined.

Note: The Miller operating as a grain dealer shall not sell wheat of equal value (grade, variety and location being taken that his grain department could sell to others at the same time, wheat to his milling department at a price in excess of the price into consideration).

Audit Rule 5: *Sales Entitled to Indemnification:*

Indemnification as per Section Tenth of the agreement in the event of the establishment of a resale price shall be paid to the Miller by the Grain Corporation on all wheat products sold during the resale price period and for which indemnification is claimed by the Miller, payment to be made against shipments and/or deliveries per Audit Rule Number 8.

Audit Rule 6: *Weight Factor for Basis of Indemnification:*

The total pounds of wheat products shipped or delivered, and as evidenced by the reports referred to in Audit Rule No. 7, divided by sixty, shall determine the number of bushels upon which the Miller is to be paid indemnification by the Grain Corporation.

Audit Rule 7: Weekly Reports of Shipments:

Weekly reports covering shipments and/or deliveries against sales of wheat products made during a " resale price period," shall be made and certified to on forms prescribed for that purpose by the Grain Corporation. These weekly reports shall set forth:

(a) The " resale price " (Chicago basis) established in cents per bushel;

(b) The date of the sale.

(c) Name and address of car lot purchaser.

(Note: On shipments and/or deliveries in less than car lots, name and address may be omitted unless specially required.)

(d) Kinds and amounts in pounds of products.

(Note: The total of shipments and/or deliveries in less than car lots may be shown as one item in weekly report unless specially required.)

(e) Invoice numbers against which shipments and/or deliveries have been made, which numbers shall be noted on mill's duplicate of invoice to purchaser.

Audit Rule 8: Indemnification to Be Paid Millers Weekly:

Indemnification as per Section Tenth of the Agreement, on sales made during any " resale price period," shall be paid weekly to the Miller by the Grain Corporation, against his weekly shipments and/or deliveries, on such sales of wheat products made during a " resale price period " and as shown in his weekly report as provided for in the preceding Audit Rule 7.

Audit Rule 9: Computation of Miller's Manufacturing and Distribution Differential:

The method of accounting by the Miller, for the net sales returns accruing from wheat products, made from wheat on which the Miller has been indemnified by the Grain Corporation, shall be as follows:

Credits to Miller:

(a) The cost of wheat per bushel as determined by Audit Rule No. 4 (" manufacturing cost of wheat to the Miller "), multiplied by the number of bushels of wheat on which indemnity has been paid, shall constitute the entire charge for wheat for the " resale price period or periods."

(Note: The Miller grinding soft wheat may use one hundred two per cent. (102%) of his sales of soft wheat products during any and all " resale price periods " calculated in pounds and divide said number of pounds by sixty to determine the number of bushels of soft wheat to be charged to cost of wheat.)

(b) Operating charge of twenty-five (25) cents per bushel multiplied by the number of bushels on which indemnity has been paid.

Debits to Miller:

(a) The total amount of indemnification received from the Grain Corporation.

(b) Any balance accruing to the Miller through the use of transit billing in the milling and forwarding of wheat products on which indemnification is received shall be credited to sales returns. The Miller may use his own method of accounting for same, provided such method reflects actual cost of freight.

(c) The net sales returns from wheat products accruing from the number of bushels of wheat on which indemnity has

been paid, is calculated to f. o. b. mill, bulk basis, by deducting the following differentials on different classes of sales:

Deduction 1. Local freight charges from mill and/or warehouses to point of delivery of sale if sold and invoiced on delivered price basis.

Deduction 2. Market price of containers in one thousand lots on date of sale.

Deduction 3. Actual cost of delivery when such delivery is made by transportation facilities furnished by the Miller.

Deduction 4. On all sales of flour in straight car lots, 15 cents per barrel, and on all sales of wheat mill feeds in straight car lots, 50 cents per ton.

Deduction 5. On all sales of mixed carloads containing either wheat flour, mixed flour, wheat flour substitutes and feeds, 40 cents per barrel of flour and $1.00 per ton of feeds. A mixed carload shall be construed to be a carload containing not less than twenty-five per cent. (25%) of wheat flour and/or mixed flour, wheat flour substitutes and/or feed.

Deduction 6. On all sales from cars or docks, car lots (not delivered) where flour has been forwarded "on consignment," 40 cents per barrel.

Deduction 7. On all sales from cars or docks, less than carload (not delivered) where flour has been forwarded "on consignment," 50 cents per barrel.

Deduction 8. On all sales to other than consumers in less than carloads (except as stated under Deductions "6" and "7" above) (not delivered), 65 cents per barrel.

Deduction 9. On sales to individual consumers (bakers and public eating places excepted) in less than carloads, on flour $1.35 per barrel; on feed $7.00 per ton.

Deduction 10. On sales of feed to wholesale feed dealers in less than carload lots and one ton or over $2.00 per ton.

Deduction 11. On sales of feed to retail feed dealers in less than carload lots and one ton or over, $3.00 per ton.

Deduction 12. On sales to any feed dealer in lots of less than one ton, $4.00 per ton.

Deduction 13. The licensee Miller and/or blender manufacturing self-rising flour shall be entitled on sales of same to an

additional deduction of twenty-five cents per barrel on the wheat flour used in such products, plus the cost or market value (whichever is the higher on date of shipment) of other ingredients used.

Note to Audit Rule 9. The total Credits and Debits to the Miller as herein specified are to be considered as a whole and not as individual items of either cost of wheat, operating charge, or as sales of wheat products.

Audit Rule 10: Wheat Products and Other Ingredients:

Any Miller mixing wheat products with products of other grain and/or other ingredients, or manufacturing cereal specialties and/or pancake flour, may sell to his Cereal Department, at the current price, such wheat products as are required for such purposes, and after such products have been thus sold, may have the privilege of operating independently of all charge limitations on such products, but in that event the licensee Miller or blender will not be entitled to further indemnification on such wheat products portion of said mixed products, cereal specialties and/or pancake flour in event another " resale price " is established.

Audit Rule 11: Export Sales:

The Miller grinding wheat and exporting the flour produced therefrom shall, under proper verification, on prescribed form of report, be entitled to the same indemnification as allowed on domestic business, on the wheat used to produce such flour, but such indemnification and the returns from such export sales (except those made to the Grain Corporation) shall not be included in his reports for final accounting.

Audit Rule 12: Method Adjustment, Final Audit:

A rule will hereafter be promulgated by the Committee of Millers and Wheat Director to more clearly define the purpose of the final audit, so that the net sales return on the indemnified wheat will reflect approximately the mill's output grind, and the audit made on a basis that will not penalize the Miller or inure to his benefit.

Audit Rule 13: Grain Corporation May Withhold Payments Again Unsatisfactory Reports:

If, in the opinion of the Grain Corporation the verified reports as rendered by the Miller as to amount of unsold wheat and unsold flour on hand on May 31, 1920, or earlier termination

date (or at termination of forty-five (45) day extension, as provided in Section Eleventh of the agreement), are not sufficiently supported to justify it in considering same as being the actual weight of wheat and amount of flour on hand to carry out the provisions of Section Eleventh of the agreement then in that case the Grain Corporation will accept same conditionally and will pay 75 per cent. of the amount claimed by the Miller as due, under the options in Section Eleventh of the agreement selected by the Miller, within ten days after receipt of such report, unless in the judgment of the Grain Corporation this payment should be reduced to protect the Grain Corporation on final settlement as per Section Sixth of the agreement, and will pay the balance due when the Miller has to the satisfaction of the Grain Corporation verified the report furnished to the Grain Corporation with actual weights and/or counts, and final payment shall be made to the Miller within ten days after receipt of such final reports. Balances due the Miller shall bear interest, to be paid by the United States Grain Corporation at the rate of 6 per cent. (6%) twice per annum.

Audit Rule 14*: Segregation of Elevator Operations:*

The Miller may operate his elevator at milling plant and/or his country elevators independent of his milling operations, under rules and regulations governing grain dealers.

Audit Rule 15*: Final Accounting to Grain Corporation:*

Excess credits, if any, due the Grain Corporation under the terms of Section Sixth of this agreement shall be credited to the account of the Grain Corporation on the books of the Miller from time to time, as the Miller in his judgment shall deem necessary to reflect such excess credits; but final accounting for such excess credits, if any, shall be made at the date of the final audit as provided herein. This account, however, shall be subject to adjustment from month to month as may be necessary to reflect the current operation of the Miller during a resale period or periods, under the provisions of the manufacturing charge and distribution differential limitations. This rule will be further amended if circumstances require, to more fully describe the method of final accounting and to protect the interests of the parties under the procedure above indicated.

Please Execute and Return BOTH Copies to the Grain Corporation Vice-President in Your Zone in the Envelope Provided

(Original)

UNITED STATES GRAIN CORPORATION

42 Broadway, New York City

AGREEMENT

WITH TERMINAL ELEVATORS

THIS AGREEMENT, made this.....day of .....1919, between the undersigned Terminal Elevator Operator, or Terminal Dealer, hereinafter called the "Dealer," party of the first part, and United States Grain Corporation, formerly Food Administration Grain Corporation, hereinafter called the "Grain Corporation," party of the second part.

WITNESSETH, That for and in consideration of the mutual covenants hereinafter set forth, it is agreed between the parties hereto, as follows:

First: The words "guaranteed price" when used in this agreement mean the wheat primary market price fixed in the Presidential Proclamation of September 2, 1918 ($2.26 Chicago) or as such primary market price may hereafter be increased by Executive Order or increased by the addition of storage premiums fixed by the Grain Corporation and publicly announced by it.

Second: At any time, and from time to time prior to the termination of this agreement, the Grain Corporation shall purchase, at the request of the Dealer, at the guaranteed price, delivered at the terminal or terminals designated by the Dealer, in accordance with its purchasing rules and customs, all or any part of the unsold wheat owned by the Dealer, whether in store, in transit, or under contract. No changes in its purchasing rules and customs shall be made by the Grain Corporation without proper provision for protecting the interest of the Dealer in respect to any outstanding commitments on which such changes might subject the Dealer to loss.

Third: Upon the date of the termination of this agreement as hereinafter provided, the Grain Corporation shall purchase at the request of the Dealer, at the guaranteed price, delivered at the terminal or terminals designated by the Dealer, in accordance with its purchasing rules and customs, all or any part of

the unsold wheat owned by the Dealer, whether in store, in transit, or under contract. The details as to quantity, probable grade and position shall be furnished to the Grain Corporation by the Dealer not later than ten (10) days after the date of termination.

Fourth: The Dealer shall not store in any elevator or warehouse at any seaport of the United States, wheat or wheat products, for a longer period than thirty days, without the express permission, in writing, from the Grain Corporation.

Fifth: The Dealer shall not be entitled to any of the benefits or privileges of this agreement, unless he shall hold such license as may at any time be required by Proclamation of the President of the United States under and pursuant to an Act of Congress relating to the National Wheat Guarantee, approved March 4, 1919. Should any such license be suspended or revoked, the Dealer shall thereupon lose all the benefits and privileges which otherwise would accrue to him under this agreement; except and provided only, that for a period of fifteen days after such suspension or revocation, the Grain Corporation shall purchase, upon request of the Dealer, the unsold wheat owned by the Dealer at the date of such suspension or revocation, at the guaranteed price, in accordance with Section Second hereof.

Sixth: The Dealer shall make and render reports in the manner and at such times as may be required by the Grain Corporation and open his books and records to the inspection of the Grain Corporation whenever requested by it.

Seventh: This agreement may be terminated by the Grain Corporation by giving forty-five days' previous notice thereof to the Dealer. Unless so terminated this agreement shall terminate on May 31, 1920.

Eighth: This agreement shall be governed by the laws of the State of New York.

WITNESS our hands and seals as of the day and year first above written.

Witness for Dealer sign here. **Dealer sign here.**

.... (Seal)

Witness. **Sign in name of Individual, Firm, or Corporation, as the case may be.**

By.....

UNITED STATES GRAIN CORPORATION

By.....

Secretary.

IMPORTANT—THIS INFORMATION MUST BE SUPPLIED

Character of business (terminal elevator operator, or terminal dealer) .....

Location .....
(Street) (City or Town) (County) (State)

Wheat storage capacity if an elevator (bushels).....
.....

Character of construction if an elevator (wood, steel, concrete) .....

UNITED STATES WHEAT DIRECTOR

Washington, D. C.

IMPORTANT NOTICE

To Applicants for License

Under the Act of Congress Approved March 4, 1919

The President's Proclamation requires that wheat and wheat flour licenses from the undersigned United States Wheat Director shall be *secured* on or before July 15, 1919. *It is not sufficient merely to apply*—licenses must be *secured*—on or before that date. Consequently the accompanying application blank should be filled out and mailed—*immediately* to the United States Wheat Director, Washington, D. C. For convenience in mailing, an addressed envelope is inclosed, to which requisite postage stamps must be affixed.

Provided the applicant *immediately* fills out and mails as directed, the accompanying license application blank, but does not receive the license applied for on or before July 15, 1919, or does not on or before said date receive notice from the United States Wheat Director that such license has been refused or withheld, such applicant will be permitted to engage in business until he receives the license applied for, or until he is notified by the United States Wheat Director that the license applied for has been refused or withheld. *The applicant must place on the application blank the date on which the application is mailed.* If the applicant has not received a license or notice that it has been refused or withheld by July 15, 1919, he *must immediately* write to the United States Wheat Director, giving the date on which the application was mailed.

Julius H. Barnes,
United States Wheat Director.

Extract From the Presidential Proclamation Requiring Licenses to Be Obtained From the United States Wheat Director

"All persons, firms, corporations and associations engaged in or carrying on the business of storing or distributing wheat or manufacturing, storing or distributing wheat flour, and all persons, firms, corporations and associations who manufacture,

either wholly or partly from wheat flour, bread or other bakery products for sale—excepting, however,

(a) Bakers and manufacturers of bakery products, whose consumption of flour in the manufacture of such products is, in the aggregate, less than fifty barrels per month.

(b) Retailers, and farmers or co-operative associations of farmers or other persons with respect to the products of any farm or other land owned, leased or cultivated by them; and

(c) Common carriers, as to operations necessary to the business of common carriers,

are hereby required to secure, on or before July 15th, 1919, a license from Julius H. Barnes, United States Wheat Director, in such form, under such conditions, and under such rules and regulations governing the conduct of the business as such Director may from time to time prescribe.

"Applications for licenses must be made to the United States Wheat Director, Washington, D. C., upon forms prepared by him for that purpose.

"Any person, firm, corporation or association, other than those hereinbefore excepted, who shall engage in or carry on any business above specified after July 15, 1919, without first securing such license, or shall carry on any such business while such license is suspended or after such license is revoked, will be liable to the penalties prescribed by law."

TO THE

UNITED STATES WHEAT DIRECTOR

DIVISION OF LICENSES

WASHINGTON

.....

.....

(Leave blank)

☞Date.....

Place all your present Food Administration license numbers with their serial letters here:

....

APPLICATION FOR LICENSE

TO BE FILLED OUT AND MAILED IMMEDIATELY

Follow instructions exactly

PLEASE USE TYPEWRITER

The undersigned applicant hereby applies for license (see form attached) to engage in and carry on business in wheat, and-or wheat flour as hereinafter specified:

1. Name of applicant.....
   Strike out words not applicable (individual), (partnership), (association), (Corporation of state of .....)
2. Name under which business is conducted.....
3. Address .....
   (Street number) (City)
   .....
   (County) (State)
4. Applies for license as:
   (Mark X in each ☐ applicable to any part of your business)

   WHEAT:

   ☐ Warehouse or elevator operator.
   ☐ Broker or commission merchant.
   ☐ Wholesaler or jobber.

   WHEAT FLOUR:

   ☐ Miller.
   ☐ Broker or commission merchant.
   ☐ Wholesaler or jobber.
   ☐ Baker or manufacturer of bakery products consuming more than 50 bbls. of wheat flour monthly.
5. State separately, under A, B, C, etc., all places where business is conducted (attach extra sheet if necessary):

A. Location .....
(Street) (City) (County) (State)
Plant .....
(Office) (Mill) (Bakery) (Elevator or Warehouse)
Length of time in business at this place.....
(Years) (Months)
Wheat storage capacity (bushels).....
Rated flour milling capacity (barrels per 24 hours) .....
Baker's estimated monthly flour consumption.....
(Barrels per month)
Flour jobber's, etc., estimated amount of flour handled .....
(Barrels per month)

B. Location .....
(Street) (City) (County) (State)
Plant .....
(Office) (Mill) (Bakery) (Elevator or Warehouse)
Length of time in business at this place.....
(Years) (Months)
Wheat storage capacity (bushels).....
Rated flour milling capacity (barrels per 24 hours) .....
Baker's estimated monthly flour consumption.....
(Barrels per month)
Flour jobber's, etc., estimated amount of flour handled .....
(Barrels per month)

C. Location .....
(Street) (City) (County) (State)
Plant .....
(Office) (Mill) (Bakery) (Elevator or Warehouse)
Length of time in business at this place.....
(Years) (Months)
Wheat storage capacity (bushels).....
Rated flour milling capacity (barrels per 24 hours) .....
Baker's estimated monthly flour consumption.....
(Barrels per month)
Flour jobber's, etc., estimated amount of flour handled .....
(Barrels per month)

REMARKS—In addition to foregoing describe, in your own words below, the nature and character of your business as completly as possible.

.....
.....
.....
.....
.....

6. Additional information.

A. If partnership:

Name and title of partners	Address
.....	.....
.....	.....
.....	.....
.....	.....

B. If corporation or association:

Name and title of officers	Address
.....	.....
.....	.....
.....	.....
.....	.....

THE STATEMENTS AND REPRESENTATIONS REGARDING THE BUSINESS OF THE APPLICANT AS SET FORTH IN THIS APPLICATION ARE TRUE AND CORRECT.

Corporations sign here: .....

By.....
President

By.....
Secretary

Individuals, partnerships and asscociations sign here:

.....

.....

.....

DO NOT USE TYPEWRITER FOR SIGNATURE

EXAMINE YOUR APPLICATION CAREFULLY AND BE SURE IT IS COMPLETE BEFORE YOU RETURN IT.

(Specimen)

FORM OF LICENSE

NOT TRANSFERABLE

No.....

Dated.....

UNITED STATES OF AMERICA

OFFICE OF THE

UNITED STATES WHEAT DIRECTOR

WASHINGTON, D. C.

LICENSE

License is hereby granted to.....
of .....
to engage in and carry on the business in wheat and-or wheat flour specified in licensee's application for license to the United States Wheat Director in accordance with the proclamation of the President and the regulations prescribed relating to such business under an Act of Congress entitled "An Act to enable the President to carry out the price guaranties made to producers of wheat of the crops of nineteen hundred and eighteen and nineteen hundred and nineteen, and to protect the United States against undue enhancement of its liabilities thereunder," approved March 4, 1919, as well as under any and all other Acts of Congress conferring authority upon the President in the premises, and any amendments thereto.

This license is granted and accepted upon the following express conditions:

(1) That this license is subject to revocation or suspension at any time, in whole or in part, and for a limited or unlimited period, for any breach of violation by the licensee, or by any officer, agent or employee of the licensee, of this license or of any of the provisions of said Act of Congress approved March 4, 1919, or of any other act as aforesaid, or any amendments thereto, or of any regulations or orders issued under and pursuant to said acts or any of them, or for breach of any agreement or undertaking entered into between the licensee and the United States Grain Corporation or the United States Wheat Director or for other proper cause.

(2) That the licensee shall, whenever requested by the United States Wheat Director, or his authorized agent or representative, furnish information and make reports concerning transactions, conditions and management of the business of the licensee at such times and in such manner and detail and on such blanks as shall be prescribed and keep such records of the business as will facilitate the verification of information contained in said reports;

and that all property, books, records and accounts of the licensee shall be at all times subject to the inspection of the United States Wheat Director, or his authorized agent or representative.

(3) That the licensee shall place on every contract, order, acceptance of order, invoice, price list and quotation issued or signed by him relating to wheat or wheat products, the words "United States Wheat Director License Number," followed by the number of his license.

(4) That the licensee shall not, without the written consent of the United States Wheat Director or his duly authorized representative, knowingly deal with any person, firm, corporation or association, who does not hold at the time such license as may be required under the afore-mentioned Proclamation or subsequent Proclamations issued in pursuance of said Act approved March 4, 1919, or who has violated any of the provisions of said Acts or any lawful rules or regulations issued thereunder by the President of the United States or the United States Wheat Director.

(5) That the licensee shall not store wheat or wheat flour at any seaport of the United States for a longer period than thirty days.

(6) That all statements in licensee's application on file with the United States Wheat Director are true, and that all changes, such as change in officers, ownership, management or control, or in firm or corporate name, or in new place of business, or changes in or additions to activities, will be reported immediately to the United States Wheat Director by the licensee.

(7) That the licensee shall not engage in any unfairly discriminatory or deceptive practice or device, or make any unjust or unreasonable rate, commission, or charge, or exact an unreasonable profit or price, in handling or dealing in or with wheat, wheat flour, bran or shorts.

(8) That this license is valid only when impressed with the seal of the United States Wheat Director.

.....

United States Wheat Director.